



Government of Bengal
Department of Agriculture and Industries

Report of the
Bengal Jute Enquiry Committee

Volume II

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Report of the Bengal Jute Enquiry Committee.

VOLUME II.

- I. Questionnaire.
- II. Selected written replies to questionnaire and other notes and memoranda.
- III. Précis of Oral Evidence of witnesses examined in Calcutta.
- IV. Précis of Oral Evidence of mofussil witnesses examined by the touring sub-committee.



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6. Mr. D. Wilson, representative of the Bengal Chamber of Commerce.
7. Mr. A. J. Alexendroff, representative of Calcutta Jute Fabrics Association.
8. Mr. J. N. Smart, representative of Calcutta Jute Dealers' Association.
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- 127. Maulvi Aminulla, Inspector, Co-operative Societies.
- 128. Maulvi Abdul Gaffar, Secretary, Central Co-operative Bank.
- 129. Maulvi Mahiuddin Khan, President, Durgapur Union Board.
- 130. Babu Sudhir Kumar Chakraverty, representative of the Serajganj Bar Association.

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- 131. Babu Jasodha Lal Sinha, Manager, Messrs. Debnath Kalidas Chaudhury.
- 132. Mr. A. R. Chapple, Manager, George & Henderson.
- 133. Mr. Macalay, Joint Agent, local Steamer Co.
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Merchants.

- 140. Babu Durgadatta Agarwalla.
- 141. Babu Geniram Soragi.
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143. Maulvi Ibrahim Hossain Talukdar.
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160. Maulvi Abdul Rahim.
161. Babu Prafulla Kanta Sen.
162. Babu Jitendra Nath Sengupta.
163. Maulvi Munshi Abdul Hamid Mondal.
164. Babu Paraneswar Sarker.
165. Maulvi Kudratali Sarker.
166. Babu Bhuban Mohan Roy.
167. Babu Harihar Burman.
168. Maulvi Abdul Karim Khondkar, President Union Board.
169. Babu Manmatha N. Bhattacharjee, President, Barahayratpur U. B.
170. Maulvi Md. Khoda Bux, Union Board Clerk.
171. Babu Sudhendu Mohan Ghosh, B.L., Director of Central Co-operative Bank and member of Voluntary Jute Restriction Scheme.
172. Dr. Golam Gouch.
173. Mr. Eman Uddin.
174. Babu Abanindra Nath Pandit, Secretary, Agricultural Association, Rangpur.

Merchants.

175. Babu Surendra Nath Choudhury of Messrs. Ashkaram Nath Mall.
 176. Babu Suganmal Choraria.
 177. Babu Bonamali Bhattacharjee of Messrs. Nimchand Motichand.
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 186. Md. Hafizuddin Sarker of Bonogram.
 187. Md. Rosan Sarker of Jasodail.
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- 232. Haji Modharuddin Talukdar.
- 233. Babu Motilal Guharay.
- 234. Rezuddin Talukdar.
- 235. Babu Sohan Lal Baith.



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**Questionnaire issued by the Bengal Jute Enquiry
Committee.**



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Questionnaire.

(1) Regulation of production.

1. (a) (i) Do you consider that a policy of restriction of production should be followed?

(ii) What are the objects you expect to achieve by regulation?

(b) If your opinion is in the negative, what are your reasons?

2. (a) How far do you consider that the policy of voluntary restriction followed since 1935 has been successful?

(b) Has that policy directly affected the price? Have other causes influenced the price? If so, what are those other causes and to what extent have they affected it?

(c) Has that policy reduced the surplus stock of—

(i) raw jute held in mufassal by growers, aratdars, farias and beparis?

(ii) raw jute held by pucca balers?

(iii) raw jute held by mills in India and abroad?

(iv) finished products held by mills?

(d) Can you point out any outstanding defects in the working of the policy of voluntary restriction?

(e) How would you suggest that such defects should be remedied?

(f) Do you consider that buyers, balers, mills, growers, zamindars and other middlemen have co-operated fully in giving effect to the scheme?

3. (a) Has the introduction of alternatives or substitutes permanently affected the world demand for jute? If so, to what extent?

(b) Has the introduction of such alternatives or substitutes been due to—

(i) the price of jute.

(ii) advantages of the alternatives or substitute over jute?

(iii) fiscal policy of other countries which previously were large consumers to produce their own commodity alternative or substitute for jute?

(iv) other economic reasons?

(c) Is there any indication that the use of substitutes is likely to expand? If so, to what extent?

(d) What alternatives are produced in the world, which take the place of jute according to current price, but which are not permanent substitutes? Where are they grown? What have been prices of such raw and manufactured goods during the last 25 years? What is the present yearly production of such raw and manufactured goods? How do the prices of these goods compare with and affect those of jute?

4. If your reply to question 1 is in the affirmative, do you advocate—

- (a) continuation of an improved system of voluntary restriction,
or
- (b) compulsory restriction?

5. If you are in favour of compulsory restriction,—

- (a) are you aware of any other agricultural commodity to which compulsory restriction has been successfully applied either in India or outside?
- (b) Has such compulsory restriction been affected by legislation or agreement?
- (c) Is the case of such commodity parallel to jute, *e.g.*, can substitutes be manufactured or produced to take the place of such commodity?
- (d) If you propose compulsory restriction, how should it be effected? What administrative machinery would be necessary?
- (e) Do you consider legislation possible? If so, give a brief outline of the scheme an Act should follow.
- (f) (1) Are there any financial, administrative or other difficulties in the way of compulsory restriction? Enumerate them.
(2) How would legislation for compulsory restriction be received by the cultivators?
- (g) How can such difficulties, if any, be overcome?
- (h) Should other provinces co-operate in compulsory restriction?
- (i) How do you suggest this should be effected?
- (j) Do you advocate restriction by area or production and quota?

6. What effect, if any, would compulsory restriction have on rent or rental value of land?

7. (1) To what use do you suggest the lands released as a result of compulsory restriction should be put?

(2) Will it be possible or necessary to subsidize alternative crops?

8. (a) On what basis is it possible to determine the area to be cultivated under a compulsory restriction scheme in any year? How can existing stocks be estimated?

(b) What authority should determine such area? Should it be Government or Statutory Body, Provincial or all-India?

9. What are your views as to the future world demand for jute? Is it likely to expand or contract? What are your reasons?

(2) Marketing of jute.

Export Market.

10. (a) What are the terms on which jute is sold to Dundee, the Continent, Japan, and other countries?

(b) Are there any fixed standards of quality on which business is done for export? Who fixes those standards? Do the standards vary from year to year? Do they vary during the season?

(c) Where are arbitrations held? Who appoints the arbitrators? Please give your views regarding home guarantee and the invoicing back clauses.

(d) What improvement would you suggest in the methods adopted at present in the export trade? Do you consider that it is feasible to fix standards by legislation, under which a body of recognized standing would be set up to inspect all consignments of jute, and grant certificates, which would be authoritative and final in regard to the jute inspected?

(e) Have you any scheme to suggest for improvements in the present methods of dealing in jute? Would a system of standards adopted on the lines of the American Cotton Standards Act of 1923 (Appendix B of the Finlow Committee's Report) be suitable for pucca bales in Bengal? Give details of any scheme you would suggest.

Calcutta Market.

11. (a) Are the various methods of marketing jute in Calcutta satisfactory? Please explain the system at present prevailing in dealings in loose jute purchased by (a) jute balers, and (b) jute mills. Are there any fixed standards?

(b) Is it a fact that standards or grades are sometimes changed, even in the middle of a season?

(c) Do you advocate that fixed standards for loose jute should be fixed by legislation or otherwise? Please explain any objections which there may be to such a scheme.

(d) What standards would you suggest and what authority do you think should supervise the working of the standards?

Inland Market.

12. (a) What is the present system of sale by the producing cultivator?

(b) What marketing customs such as allowances and deduction exist which are detrimental to the producers?

(c) Do you consider that the use of Government standard weights (40 seers=1 maund) should be enforced in all dealings in jute? By what means should it be enforced?

(d) What is the present system of grading raw jute? Do you consider that standardization of grades should be enforced?

(e) What should be the basis of standardization?

(f) Could necessary tests be effected to assort according to such standards in mufassal markets?

(g) What authority should determine the standard grades? Government or a statutory body?

(h) How do you consider that information as to Calcutta market prices should be conveyed to producers? Have they at present any means of knowing what such prices are and what movements occur?

Regulated Markets.

13. (a) Do you consider that the establishment of regulated markets is desirable?

(b) What area should such a market operate over?

(c) Are such markets likely to attract buyers and sellers? Will it be necessary to prohibit or limit dealings outside such markets?

(d) What authority should select the sites of such markets?

(e) How should the Marketing Committee be constituted?

(f) How would such a market be financed?

Corporate organization.

14. (a) Do you consider the establishment of any other type of corporate marketing organization desirable?

(b) If so, what should be the nature of such an organization?

(c) How should it operate?

(d) How should it be financed?

Co-operative Societies.

15. (a) Could Co-operative Sale Societies improve the existing system of marketing?

(b) On what basis should they operate?

(c) How should they be financed?

(d) Would the growers welcome such Co-operative Sale Societies?

Future Markets.

16. (a) What effect do future markets have on the mufassal markets? Should there be such a future market for loose jute?

(b) Are future markets necessary? Should they be controlled and, if so, by what authority?

(c) What effect do future markets have on jute trade?

(3) Improvement of price and (4) Fixation of minimum price.

17. (a) What is the normal yield per acre in various parts of Bengal?

(b) What is the approximate normal cost of production per maund?

(c) How you calculate this?

18. What do you consider a fair profit to the cultivator? (in terms of percentage, if you prefer it).

19. (a) Can the margin of producer's profit be increased? If so, by what methods?

(b) Can improved outturn be obtained by more scientific methods of cultivation?

20. What effect has competition among manufacturers had on the price?

21. Do you consider it advisable to fix minimum prices? For what periods should it be fixed?

22. What essential conditions would be necessary to make it practicable?

23. (a) What effect does the jute export tax have on prices paid to producers?

(b) Is the effect variable and, if so, what causes such variation?

24. How do you propose to maintain a minimum price in the event of the market price falling below that minimum? Do you advocate any system of Government guarantee?

25. What organization do you propose to implement such a policy?

26. What financial implications would such a policy involve? How could they be met?

27. (a) What is the normal difference between the price paid to the cultivator and the price paid by the manufacturer or baler who ships raw jute to foreign markets?

(b) Could this difference be reduced by exclusion of some of the middlemen?

28. (a) To what extent do cultivators pledge their crops before harvest and to whom?

(b) Does this affect price levels generally?

(c) Does it result in a lower price paid to the particular cultivator for raw jute?

Relationship between prices of raw jute and jute products.

29. (a) What have been the prices of raw jute and manufactured jute products per maund—

(i) from 1900-1913,

(ii) from 1913-1919,

(iii) from 1920-1929,

(iv) from 1930-1936 (February) and

(v) from 1936 (March) 1938?

(b) If the relationship between these prices has varied, what have been the causes of such variation?

(c) Is it possible to reduce the difference in prices by reduction in the cost of manufacture? If so, in what directions would you suggest reduction of manufacturing cost?

30. Has any system of control of production of manufactured goods affected the price of raw jute? If so, to what extent?

31. (a) Other things being equal, could the prices of manufactured goods be now raised by any scheme of restriction of production? If so, to what extent?

(b) To what extent was the Jute Mills Association Restriction agreement up to 1936 a success? If it failed, to what causes do you attribute the failure?

(c) Do you think a similar voluntary scheme could be evolved by the trade at present? If not, would you advocate compulsory restriction by legislation or otherwise?

What kind of organization would you propose to implement such a policy of restriction of production?

32. If the prices of manufactured jute goods could be thus raised by any restriction scheme, do you think the prices of raw jute would automatically improve? If not, why not?

What are the conditions that must be fulfilled before the cultivators can share in the increased prices of manufactured products?

Freights and insurance.

33. (a) What are the defects in freight charges by rail or water?

(b) Are the present marine and fire insurance charges reasonable?

(c) Can you suggest any means of remedying the defects, if any, in freight and insurance charges?

(5) Jute forecasts and statistics of stocks in hand.

34. (a) To what use is the Government forecast put by the trade?

(b) How are the forecasts of private firms obtained?

35. Do you consider the present Government system of compilation of the jute forecasts satisfactory?

36. If not, at what stages would you suggest improvements?

37. (a) Do you think a reasonably accurate forecast by the present or a similar direct method, such as field to field survey may be obtained by changes in administrative technique?

(b) Or, would you prefer an indirect method of compilation, say by the method of random sampling?

If you advocate field to field survey, what would be the cost? Would it be justified?

38. (a) Do you consider the recent experiments in random sampling to have yielded satisfactory results? If not, why not?

(b) What are the improvements you would suggest in this method?

39. Is it necessary or possible to obtain accurate figures for actuals for comparison with the forecast with a view to improving the accuracy of the forecast for the next year?

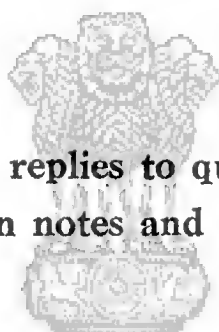
40. (a) Could holders of stocks be compelled to submit returns?

(b) Do you consider any legislation necessary?

(c) Is it possible to obtain figures for stock held *ex-India*?

41. Should the forecast be published as a whole or district by district over a number of days as at present?

**Selected written replies to questionnaire and
other written notes and memoranda.**



सत्यमेव जयते



सत्यमेव जयते

Replies to questionnaire on jute by the Commissioner of the Presidency Division.

1. (a) (i) Yes.

(ii) To secure an economic price for the cultivator and to make land available for other kinds of crops so that the cultivator may not have to depend too exclusively on jute.

(b) Does not arise.

2. (a) The policy of voluntary restriction followed since 1935 has not, it must be admitted, been very successful in reducing the area under jute cultivation, but the propaganda work done in this connection was of great educative value and its beneficial effect is in evidence in rural areas. It has already enlightened the rural public to an appreciable extent about the futility of increasing jute cultivation without any regard to market conditions and about the desirability of growing substitute crops. It can moreover be asserted that without this propaganda an extra 20 lakhs of bales annually excessive to market requirements might very well have been grown.

(b) I think the policy adopted by Government helped to check the gradual fall in price. The slight rise in prices in the last few years must however be primarily ascribed to world factors and the unsatisfactory yield of jute due to natural causes.

(c) The surplus stock was reduced but it cannot be said that this resulted from voluntary restriction alone.

(d) It is difficult to find sincere workers in villages. Village propaganda officers who advise others to restrict jute cultivation do not do so themselves. This gives rise to suspicion and petty jealousies and an atmosphere is created in which it is not possible to make any combined organized effort. There is a lot of talk about jute restriction but practical efforts made in the direction of providing seeds for substitute crops, demonstrating new and improved methods of cultivation and for finding markets for these products are not commensurate with the necessities of the situation.

(e) Mass education, organisation of rural reconstruction societies, establishment of model agricultural farms in the remoter rural areas, improvement of communications and the creation of facilities for villagers to find easier markets for their products. Particular care should be taken in the selection of villagers for jute restriction work and should be seen that these villagers really restrict their own cultivation.

(f) I do not think so.

3. (a) I believe the introduction of alternatives or substitutes has permanently affected the world demand for jute, but I cannot say to what extent. The chief loss is due to bulk handling by elevators.

(b) I believe the introduction was to some extent due to the high prices of jute prevailing and to the natural disinclination to remain dependent on an Indian monopoly.

(c) As long as raw baled jute costs less than 8 rupees per maund it will hold the field against any substitute fibre but mechanical handling of grains on a big scale has come to stay and will grow.

(d) For substitutes of jute which are grown in other countries pages 100 to 104 of Bengal Jute Enquiry Committee Report, Volume I, may be seen.

4. (a) Yes.

(b) No.

5. Does not arise in view of my reply to 4(a) above.

6. There would be some decrease in the rental value of land in the event of compulsory restriction.

7. (1) Sugarcane, linseed, potato, etc., but a large proportion of the land set free by the reduction of jute cultivation would have to go under paddy with resulting loss in profit on the crop.

(2) It will hardly be possible.

8. (a) The total area to be cultivated may be fixed by an All-Bengal Jute Central Board, according to the stocks in hand and estimated requirements of the next season.

(b) A Statutory Body (preferably All-Bengal).

9 to 11. Matters for the trade.

12. (a) Producer sells to Farias or Beparis (small middlemen), Farias to local Aratdars (stockists) who sell them to agents of Jute Companies.

(b) Many exist from "dryage" and "Wastage"—to "Gobinda".

(c) Yes, by legislation. This reform is essential.

(d) Grading is done by local middlemen and is dishonest. Fluctuating standards are the curse of the trade. Standardization should be enforced.

(e) Tops, Middles and Bottoms or any other standard based on spinning quality of fibre.

(f) Yes—simply handling would be near enough if there were three main grades.

(g) A Statutory Body.

(h) By telegraphic communication to important centres and by wireless broadcasting when it is developed. My experience is that fatka prices are known everywhere daily.

13. (a) Some such might be experimented with.

(b) One or two such markets per thana will perhaps do, but I do not think the scheme would succeed.

(c) Yes, it would be necessary to prohibit dealing outside such markets.

(d) District Officer.

(e) The Committee should consist of representatives of buyers and sellers with a proportion of Government nominees.

(f) By Government through Jute Central Board.

14. If regulated markets are established it would not be necessary to establish any other type of corporate marketing organization.

15. Co-operative jute sale societies have so far been a failure but this is not conclusive evidence against the feasibility of co-operative marketing. Their failure was due to holding for a rise.

16. A real future market is essential.

17. (a), (b) and (c) District Officers' reports and the report of the Jute Enquiry Committee may be seen. They vary in different districts.

18. Rs. 3 per maund—(the cultivator's own labour not being taken into account in calculating the cost of production). If raw jute is selling at Rs. 6 to Rs. 6-8 in Calcutta the cultivator is making a fair profit but not a handsome one.

19. (a) By better cultivation and improved facilities of marketing and also by organizing growers' associations.

(b) Yes.

20. Obviously it increases the price.

21. No.

22. It seems to me that this will not be practicable.

23. (a) Little.

(b) Not competent to answer.

24, 25 and 26. These questions arise only in the case of prices being controlled and fixed by legislation. Adoption of such a policy would require large capital with considerable risk of loss. The Government of Egypt burnt its fingers over an attempt to do this with the cotton crop.

27. (a) Depends on distance from which the jute comes. Mufassal price is 12 annas to 1 rupee below Calcutta price.

(b) Very little. The middlemen is an economic necessity.

28. (a) To an appreciable extent to Mahajans.

(b) and (c) Of course the cultivator is squeezed.

29. (a) The figures are available in several publications.

31-32. Government has passed the Jute Ordinance and its effect may be watched.

33. Matters for the trade.

34. (a) For speculative purchases and sales.

(b) From their Aratdars and other employees.

35. The Government forecast is a disgraceful force. The market forecast is always within reasonable distance of the actual crop.

36-37. I am in favour of an accurate survey of selected mauzas to check the returns. An elaborate system of field to field survey over the entire area of jute cultivation would involve huge expense incommensurate with the result to be obtained.

38. (a) The Mathematicians are unreliable.

(b) Sack them.

39. See reply to questions 36-37. The Trade forecast is near enough.

Replies of the Commissioner of Dacca Division to questionnaire regarding Jute.

1. (a) (i). Yes.

(ii) A better price for the cultivators.

2. (a) As I have just returned from leave, I have no personal experience of the present year. In previous years voluntary restriction appeared to have a modicum of success but extraneous factors such as a favourable or unfavourable sowing and cultivating season made it difficult to gauge the amount of success with accuracy.

(d) The personal equation is, I think, the outstanding defect. There is no effective sanction against the man who wishes to steal a march on his restricting neighbours.

4. Restriction to be effective under present condition must, I think, be compulsory.

5. (a) and (b) The cases of tea and rubber will no doubt be referred to by persons better qualified to give detailed views than I am.

(d) to (j) I can hardly discuss this very crucial question at the short notice I have had since this questionnaire was made over to me by my predecessor.

7. The policy inherent has been, I think, to advocate sowing alternative crops under the advice of the Agriculture Department. Grazing land is a prime necessity in Bengal villages and though the land sown with jute is naturally low lying, some of it might be utilized for part of the year for a grazing scheme—but the loss incurred by the tenant individually would be a difficulty to be faced.

15. As an ideal, yes—but warned by past experience, we should have to go very carefully. The Co-operative Department can best advise on this.

28. Very considerably I believe to beparis or mahajans. I am not sure whether this affects price levels generally—but the cultivator gets less for it than he would otherwise do especially under a marketing scheme.

Replies submitted by the Collector of Hooghly, to the jute questionnaire issued by the Bengal Jute Enquiry Committee, 1938.

1. (a) (i) Policy of restriction of production should be followed.

(ii) Compulsory restriction by regulation on proper lines should increase the price of jute.

1. (b) Does not arise in view of above replies.

2. (a) Efforts for voluntary restriction were somewhat successful in the first year, i.e., in 1935. In the next two years unfavourable weather conditions helped restriction propaganda works a bit. But the cultivators' minds were not loyal to the restriction schemes as

practically most of the cultivators wanted to start a march over his wilfulness by not restricting their own areas.

(b) I cannot say that the voluntary restriction scheme was very successful. Whatever favourable prices were obtained was due to adverse weather conditions.

(c) (i) to (iv) Very little surplus stock remained in the hands of growers, Aratdars, Farias and Beparees in the Mufassil. Regarding surplus stocks elsewhere I have no definite information. I understand however that the jute mills held spare stock of raw jute and a considerable quantity of finished products.

(d) and (e) The outstanding defect in the working of the policy of voluntary restriction is the mentality of the cultivators who understand nothing except compulsion from Executive Officers. Such "compulsions" have to be legalised to make any scheme of restriction successful. Insufficient staff to work the schemes is another defect. The remedy suggests itself.

(f) None of the classes mentioned in this question co-operation to give effect to the scheme. On the other hand the influential "balers" definitely obstruct the Government propaganda work by counter propaganda work against restriction both through local agents and Press. We have personal experience on this point.

3. (a), (b), (c) and (d) Not competent to answer these questions fully. Some of the substitutes for jute clothes are paper and clothes made out of cotton, flax and linseed plant threads. Other substitutes are wooden or iron casks and fabrics made out of brown papers and seersal fibres in Australia. Introduction of these substitutes were mainly due to economic reasons—namely very high price of jute prevailing at one time.

4. (a) and (b) I advocate compulsory restriction.

5. (a) No commodity which is exactly an agricultural commodity and to which compulsory restriction has been successfully applied is known to me. But I can quote that the restricted cultivations of hemp and poppy under the excise policy of Government have worked successfully.

(b) No reply.

(c) No reply.

(d) Village associations (three or four) for each union should be the primary unit of control. Each of such "associations" should be made the charge of a paid officer under the Government. Fifty of such officers are to be supervised by a "charge Superintendent" who are to be controlled by the District Magistrate through subdivisional Officers and Circle Officers.

(e) Legislation for compulsory restriction is possible. The following matter may be provided for in an Act for this purpose, namely :—

- (i) Organisations to collect figures and to estimate accurate jute areas.
- (ii) Provisions for the distribution of "quotas" and issue of "quota" licenses.
- (iii) Provisions for the imposition of penalties.

- (iv) Provision for imposition and realization of license fees to meet the cost of the administrative machinery and other incidental costs.
- (v) Provisions for imposition of taxes on certain rates per bale on mill consumption.
- (vi) Provisions to do away with any contracts between Zamindars and tenants by which tenants undertake to cultivate specific areas for jute enforcing production of necessary facts and figures of consumption and stocks by mills and other persons.
- (vii) Provisions for standardisation of weights and grades of jute.

(f) (i) The question of financing the scheme will of course, present difficulties. This can be met by issuing "quota license" and taxes on jute bales consumed in mills.

The other difficulty is that the "Village Association" charge officers should necessarily be low paid officials who shall also necessarily have large powers. They may not be able to rise above the grave temptations, to corruptions offered by the use of these powers.

(f) (2) The cultivators may not look kindly to the compulsory legislation in the first instance. But when the effects of the legislation begin to be felt their attitude will bound to be favourable.

(g) Imposition of license fees and taxes on mill consumption will remove financial difficulties. Pay commensurate to their responsibilities and very strict control through carefully guarded superiors will keep the "charge officers" under control.

(h) If proper co-ordination of the restriction scheme be enforced through the Government of India there is no reason as to why other provinces will not co-operate.

(i) Reply in 5(h).

(j) I advocate restriction by production and quota method.

7. The effect on rent or rental value of lands by compulsory restriction cannot be estimated at present. But if the scheme succeeds the rents or rental value of lands cannot be adversely affected. Alternative crops will certainly gain ground.

(1) Land released as a result of compulsory restriction should naturally be used for alternative crops.

(2) It is neither necessary nor possible to subsidize alternative crops.

8. (a) Area to be cultivated in any year under compulsory scheme should naturally depend upon the estimated old demand of jute and when accurate jute areas for each village is known, it is only a matter of rate of these to fix the "quotas" for each year.

The existing stocks are generally with the balers and mills. Statutory powers for inspecting their accounts and compelling supply of necessary figures by them will provide means for the estimation of existing stocks.

(b) It should be a statutory body under the control of Government.

9. Not really competent to answer this question. But from appearances it seems likely to contract.

10 and 11. Not competent to answer these sets of questions.

12. (a) The producing cultivators bring jute to important markets and hats where there are Farias or agents or balers who buy jute from the growers.

(b) The Farias, etc., have their own weights which are more than the standard weights and thus cheat the cultivators. The cultivators have to abide by the sweet will of the Farias in the absence of any immediate remedy.

(c) Government standard weight (40 seers-1 md.) should be enforced control through the "Charge Officers" stated above.

(d) There is no hard and fast rule in the grading of jute where cultivators sell their jutes to the Farias or Beparies.

Standardization of grades should be enforced.

(e) Naturally length, gloss and the strength of fibres should form the basis of standardization. Industrial Experts are in a better position to express an opinion on this item.

(f) The Charge Officers as stated above should be trained to assert according to standards in Mafussil markets.

(g) A statutory body responsible to the District Magistrates.

(h) Improvements of Calcutta prices and movements can be carried to the cultivators through Charge Officers as stated above.

13, 14, 15 and 16. Not competent to reply.

17. (a) Normal yield of jute in these areas is about 3.2 bales (400 pounds) per acre or about 5 mds. per bigha.

(b) About Rs. 3 per maund.

(c) Calculation of cost is as follows:—

(i) Average rent payable for a bigha Rs. 2-12.

(ii) Preparation of field for cultivation. 8 labourers with hired ploughs and cattle at 12 annas per labourer Rs. 6-12.

(iii) Price of one seer of seed 12 annas.

(iv) 6 Kisans for weeding at 4 annas per kisan Re. 1-8.

(v) 6 labourers for harvesting and steeping jutes 4 annas Re. 1-8.

(vi) For washing (labourers) Rs. 2.

(vii) For drying etc., carrying 8 annas.

Total Rs. 15.

Approximate yield per bigha being 5 maunds the cost of production will be Rs. 3 per maund.

18. Cent. per cent., i.e., the cultivator should get a price of Rs. 6 per maund when cost is Rs. 3 per maund.

19. (a) Effecting increase of price of jute through compulsory restriction and fixing a minimum price to be paid to the cultivators.

(b) Improved outturns should be expected by scientific method of cultivation.

21. Minimum prices should be fixed prevailing throughout the year.

22. Effective check on the surreptitious dealings of farias, agents of balers or mill owners are the essential conditions to make the fixing up minimum price effective.

24. Market price depends upon supply and demand. Some sort of check preventing excess supply of jute in markets may be devised which should be proportionate to the demand. This will keep up the minimum price fixed.

Methods by which fixing of minimum price might be given effect to by two procedures, namely :—

- (i) Power should be provided for the purchase of jute at a guaranteed minimum price in the event of restriction being effectively carried out. This method is in the nature of compensation if the restriction is actually effected but fails to effect anticipated rise in price.
- (ii) The cultivators should be compelled to sell his crop to Government at the lowest price fetched during the previous year if he has not carried out the restriction.

This method is a penalty provision for those responsible to make the restriction scheme a failure.

25. The administrative machinery suggested in paragraph 5(d) above should be able to implement the policy mentioned in paragraph 24 above.

26. To give effect to the policy there would naturally be expenditures to be met. These expenditures can be met from quota license fees and taxes on mill consumption detailed in paragraph 5 above.

27. (a) Not competent to answer as no figures are readily available in this office.

30 to 33. No comments.

34. (a) Trade decides as to what prices they should pay for jutes whilst purchasing from cultivators on the basis of Government forecasts to some extent. The trade however does not wholly believe in the accuracy of Government figures.

(b) Private firms obtain their own forecasts through their local agents in Mafussils.

35. The present Government system of compilation of the jute forecasts is unsatisfactory.

36. Paid staff should be appointed to collect these figures instead of through Union Boards.

37. (a) Appointment of paid staff as suggested in paragraph 36 above will give a reasonably accurate forecast by a similar direct method of field to field survey with the help of Settlement Khatians.

(b) Method of random sampling may also be adopted as a check against the results obtained by direct methods. But if by the direct method of field to field survey the jute fields can be accurately marked out on Settlement village maps in a particular year and then checked in the following year the system of direct method may be suspended for 5 years being substituted by the random sampling method. For

these 5 years after which the "direct method" may again be resorted to for a year to raise the previous map and so on alternately. If the compulsory restriction scheme be introduced as detailed in paragraph 5 above the administrative staff suggested in that paragraph will be sufficient to carry out the field to field survey and no extra cost will be involved only for compiling the forecasts, except contingent expenditures.

38. (a) The recent experiments in random sampling yielded figures which were far off from the figures obtained from the compilations of usual jute schedules. One cannot be sure which of the two figures were nearer to the actual figures.

More experiments are necessary through paid independent staff.

39. It is neither necessary nor possible to obtain accurate figures for actuals to improve the accuracy of the forecast through jute schedules obtained through the system prevailing at present.

40. (a) and (b) The holders of stacks cannot be compelled to submit returns except through statutory powers vested in the District Magistrate. In fact a few of the mills refused to submit these figures in the District last year.

(c) I think it will not be possible to get these figures.

41. Forecast should be published district by district over a number of days.

Replies to questionnaire by the District Magistrate, Bogra.

1. (a) (i) Yes.

(ii) By controlling the supply it is expected that price of jute will rise and more land will be available for other crops.

2. (a) There was some success in 1935 and 1936. But since then there has been very little success. The restriction was more due to drought or flood.

(b) Restriction did affect the price. Fall in demand from mills, however, did not allow a corresponding rise in price.

(c) Restriction has not reduced the surplus stock of jute to any appreciable extent. But fluctuation of price has made mufassil Aratdars, Farias and Beparis unwilling to stock large quantities of jute lest there might be loss.

(iii) and (iv) Not known as there are no mills in this district.

(d) There are no satisfactory substitute crops for jute and cultivators are unwilling to leave their lands fallow. Everybody is anxious to reap the advantages of increased price by himself growing more jute expecting that others would restrict cultivation by more vigorous propaganda and legislation, if necessary.

(f) No, I don't think so.

3. (a) I have no definite information though I have heard that such substitutes are in use.

(i) Partly yes.

(ii) No.

(iii) Yes. A policy of national self-sufficiency.

(iv) Yes, to break the monopoly of production of jute in Bengal.

(c) Attempts are being made to find out substitutes, but none very successful as yet.

6. It will prejudicially affect the rental value of land to some extent.

7. Suitable substitute crops must be found.

(2) It would not be possible.

12. (a) The Beparis or Farias go to the cultivators' house and purchase jute. Cultivators sell jute to such men also in the nearest hat. Big cultivators sometimes sell their jute to the nearest arats.

(b) Cultivators have to give $2\frac{1}{2}$ seers allowance (dhalta) per maund.

(c) Yes. By penalising weights and measures other than the standard.

(d) Grading is not done in the mufassil but is done at Calcutta. Beparis pay price according to what they consider to be the quality of the jute. It would be difficult to enforce standardization of grades in the mufassil.

(e) Standardisation should be based on quality.

(f) No.

(g) A statutory body would be better.

(h) A statutory body, if set up, would collect such information and supply the same to the producers through Union Boards or through Sub-Committees set up by them.

13. (a) Yes. But not necessary if Co-operative Sale Societies are formed as advocated in question 15 below.

(b) About 10 to 15 square miles.

(c) Yes. It would be necessary to prohibit dealings outside such markets.

(d) Presidents of Union Boards in consultation with Circle Officers.

(e) It should represent the growers and buyers and Presidents of Union Boards.

(f) No financing would be necessary if one of the existing markets be selected.

14. (a) Yes. As in question 15.

15. (a) Yes. Co-operative Jute Sale Societies should be established. All jute growers in the locality should be members of the local society.

(b) The society would collect all jute and sell them in a regulated market.

(c) They should be financed by the members of the society.

(d) Some amount of propaganda would be necessary to popularise the sale societies.

17. (a) 15 to 16 maunds per acre on an average in this district.

(b) About Rs. 4 cost of cultivation of one bigha of land which yields 5 mds. of jute is given below.

(c) The land has to be ploughed 4 to 6 times with two ploughs. Wages for this would be roughly Rs. 5 at As. 8 per man. Seed and manure Rs. 1-8. Weeding Rs. 6-8. Cutting Rs. 2. Washing Rs. 4. Average rent Rs. 2 per bigha. As other crops are grown, for jute, rent may be taken as Re. 1. Total Rs. 20 for 5 maunds.

18. 30 to 40 per cent.

19. (a) Yes, by improved seeds, better cultivation and manuring.

(b) Yes.

20. So far as the actual producer is concerned there has been little effect on price.

21. Yes, for a jute year.

22. Control of production and purchase by an agency controlled by a Statutory Body.

24. Minimum for a year should be fixed in the light of the demand for jute from the mills and by consultation with the Indian Jute Mills Association as regards the price they think to be economically sound.

25. A Statutory Body under which Co-operative Sale Societies would work.

26. A company should be floated including in it the principal purchasers of jute who are willing to join such as M. David and Co., Ralli Bros., R. Sim, etc.

27. (b) It can be reduced if sale is controlled by Co-operative Sale Societies.

28. (a) About 2 per cent. to money-lenders and aratdars.

(b) No.

(c) Generally not.

34. (a) The traders know what production is expected and this helps them in fixing the price.

(b) Generally satisfactory. No better system is possible.

37. (a) That will increase the cost of collection of information which will not be justified.

(b) No.

38. (a) In this district results have been more or less the same as by the direct method.

39. Actuals may be had if sale societies are started in villages.

40. (a) Yes, in India.

(b) Yes.

(c) No.

41. May be published district by district.

Reference to Questions 4, 5 and 8.

Voluntary restriction of jute has not, in my opinion, allowed satisfactory results. Some sort of compulsion is necessary. I would suggest that there should be legislation making it compulsory for all jute growers to be members of an organised jute sale society which should be run on a co-operative basis and work under the supervision of the Co-operative Department and in close co-operation with the District Officer and his staff. These sale societies should be affiliated to a Central District Association in which the District Officer and the Chief Officer of the Co-operative Department in the district should be members. The district organisation should again be affiliated to the Provincial organisation in Calcutta. It will be the business of the Provincial Association to find out early in the year the amount of jute that may be required for export and for manufacture by the Indian jute mills. If necessary the Indian Jute Mills Association may by statute be required to furnish the Provincial Association their demands for raw jute. By comparison with the amount of jute grown per district, the Provincial Association will inform the District Associations about the amount of jute that will be required from a particular district. The District Association on getting this allotment would allocate the quota to individual rural jute societies who, in turn, would allocate to individual growers. After the jute is grown it will be for the rural jute sale society to purchase jute to the extent of the allotted quota from among the members. There should be a statutory penalty against purchase of any jute by private individuals or agencies. If that is done, no individual grower would find it profitable to grow in excess of his quota because he cannot dispose of it. The Provincial Association will also, in consultation with the Indian Jute Mills Association and other interested parties such as exporters of jute, decide the price of jute per maund which will be economically sound. It will then inform the District Associations and through them the rural jute sale associations and the rural jute sale associations will purchase jute at this price. This fixation of price of jute should be made after the publication of the final forecast and before the sale commences. As jute is now grown not only in Bengal but also in Bihar and Assam, there should be a Central Association for all the provinces which would allocate the quota province by province. The existing Indian Central Jute Committee may well take up this work.

The next important question would be about the financing of these associations. A company should be floated whose business would be to finance the purchase of jute through the rural jute sale societies and for marketing in Calcutta. The present big purchasers such as Messrs. M. David & Co., R. Sim & Co., Ralli Bros., as also other purchasers both in and out of India who may be willing to join may be induced to furnish capital for the company. If this is done and only this company is given the statutory right of financing the purchase of jute, it is expected there will be no shortage of capital. At the same time as the company will act under the control of the Central and the Provincial Associations, there is no risk of the bad effects of a monopoly concern.

**Replies to the questionnaire of the Jute Enquiry Committee by the
District Magistrate of Khulna.**

1. Regulation of Production.

1. (a)(i) Yes.

(ii) To increase price and make land available for the cultivation of other suitable crops, and thus make cultivators less dependent on one crop.

(b) ————— X.

2. (a) Restriction has not been very successful in reducing acreage, but has at least prevented a further disastrous increase and has had some effect in enlightening cultivators as to the connection between production and price. In 1938 restriction has probably been as much due to drought as to policy.

(b) From 1935 there has been hardly any year of a good jute crop. The tendency of a gradual fall in price was checked, and the prices rose from about Rs. 3 to about Rs. 5 per maund. The slight rise in price in the last few years is perhaps due to the general upward trend of trade all the world over.

(c)(i) The surplus stock was gradually reduced both on account of voluntary restriction and poor yield due to drought.

(ii), (iii) and (iv) Not competent to answer.

(d) Those entrusted with restriction propaganda work locally are always sincere, and do not set a good example by following the advice themselves. In some cases they deliberately take advantage by making other people restrict without doing so themselves. Cultivators cannot combine to restrict, owing to petty jealousies. Cultivators are naturally reluctant to leave jute land lying fallow, and the restriction policy cannot be effective until it is equalled in intensity by propaganda for the cultivation of substitute crops combined with operations on a much wider scale for providing seed of substitute crops, demonstrating cultivation methods, and for organising markets for those substitutes.

(e) Mass education and organisation of rural reconstruction societies which will try to bring about mutual agreement to restrict, and will also serve as the means of introducing substitute crops, transmitting instruction as to their cultivation, and organising markets.

(f) No, not to any appreciable extent in actual practice.

3. (a) I believe so, but cannot say to what extent.

(b)(i) I think not due to price of jute.

(ii), (iii) and (iv) I think mainly due to (iii).

(c) and (d) Not competent to answer.

4. (a) I advocate continuation of improved system of voluntary restriction, with intensification of the methods mentioned in 2(a) above.

(b) I think the energy required to make compulsory restriction effective would be better expended on improved voluntary restriction, which will have a more lasting effect in educating cultivators if it can once be accomplished.

5. (a), (b) and (c) Not known.

(d) If compulsory restriction were decided upon, the best procedure would be to permit cultivation only by license obtainable from the Collector through a special staff, the total acreage for each district being limited by a Bengal Jute Control Board. Punishment for exceeding license limit might take the form of reduction of the license acreage in the following year.

(e) Legislation would be possible on the above lines. But Government might have to undertake to buy surplus jute at a fixed price if no other buyers were forthcoming.

(f) (i) At least one well paid officer would be required per jute growing thana to enforce legislation, and the total staff required would be costly. Buyers might combine to obstruct and defeat the effect of legislation. If much jute land had to remain fallow for lack of substitute crops legislation would seem unfair and might have to be enforced against public opinion.

(2) Cultivators would resent interference, especially if no substitutes could readily be grown.

(g) By gradual demonstration of the good effect of legislation, and by giving every possible assistance for cultivation of substitutes.

(h) Yes.

(i) By parallel legislation as the result of mutual agreement.

(j) By area.

6. There may be decrease until the benefits of legislation have been firmly established.

7. (1) For substitute crops, such as sugarcane, linseed, potato mustard and paddy where possible.

(2) Sugarcane cultivation should be assisted by the establishment of factories and by organisation of direct supply from cultivator to factory. Other crops also require organisation of markets.

8. (a) Existing stock in the Mufassil may be estimated by the Officer mentioned in paragraph 5(f). The total area to be cultivated in a district may be fixed by an All-Bengal Jute Control Board, according to the stock in hand and expected requirements during the next season. Area to be cultivated by the individuals may be determined by the Collectors, who will be responsible for granting licenses on the basis of lands fit for jute cultivation possessed by each cultivator. A census of such lands may be taken by the abovementioned officers.

(b) A statutory body (preferably All-Bengal).

9 and 10. Not competent to answer.

12. (a) The producers sell to Farias (middlemen) who sell the jute to local Aratdars (stockists) who in their turn sell and despatch them to agents of jute companies.

(b) Not known.

(c) Yes, by making other systems illegal.

(d) Grading is done by local middlemen. Standardisation should be enforced if possible.

- (e) Not competent.
- (f) Ditto.
- (g) All-Bengal Jute Control Board.
- (h) By telegraphic communication to important centres, for general publication. The difficulty will be obviated by the development of wireless broadcasting.

- 13. (a) Yes.
- (b) One or two such markets per thana.
- (c) Yes, it may be necessary to prohibit dealings outside such markets.
- (d) District Authority (Collector).
- (e) Appointment by Collector.
- (f) By Jute Control Board from Government funds.

14. (a), (b), (c) and (d) Not competent to answer.

15. I understand that this has not succeeded where tried. Am not competent to say what were the causes of failure.

16. Not competent to answer.

- 17. (a) Normal yield here is 20 maunds per acre.
- (b) Rs. 1-8 per maund to small cultivators and Rs. 1-12 per maund to big cultivators exclusive of rent.
- (c) By examining the statements from different cultivators.

18. Rs. 3 per maund.

19. (a) By the rise in the price of jute.

(b) Outturn may be improved by use of improved variety of seeds.

20. Competition amongst manufacturers caused a rise in the price last year.

21. Yes, at least for three years.

22. Government's option to buy jute at the minimum price fixed.

23. (a) Little.

(b) Not competent to answer.

24. Yes.

25. Co-operative Sale Societies seem the most hopeful method.

26. Large capital would be required, with considerable risk of loss, though such losses might be recouped in the long run. Doubtful whether Government could meet the liability.

27. (a) Not known.

(b) Yes.

28. (a) To some extent to mahajans.

(b) Probably not.

(c) Sometimes.

29 to 33. Not competent to answer.

34. (a) Not known.

(b) From their *Aratdars* and other employees.

35. No.

36. The figures compiled by District Officers probably show fairly accurately the increase or decrease compared with a certain standard. But that standard requires to be fixed definitely by an accurate census. That the present standard is wrong seems to be indicated by the tendency of the Agricultural department to want to increase the figures somewhat arbitrarily even when the District Officer feels certain there has been a decrease. Local authorities may be reluctant to admit an increase as indicating failure of their own propaganda.

37. (a) Yes.

(b) No. A field to field survey would probably be necessary + establish the standard referred to in 36 above. But I cannot estimate the cost and doubt whether it would be justified.

38. (a) and (b) No definite information.

39. This is desirable, and may be attempted by the present method used for forecast.

40. (a) Would not give accurate returns unless compelled by stringent legislation.

(b) Yes.

(c) Not known.

41. District by district over a number of days.

Replies submitted by the Collector, Mymensingh, to the jute questionnaire by the Bengal Jute Enquiry Committee, 1938.

1. (a) (i) Yes.

(ii) To raise prices of raw jute and to make the idea of crop planning familiar to the cultivator.

(b) Does not arise.

2. (a) The policy of voluntary restriction followed since 1935 has largely failed.

(b) Such policy has had no appreciable effect on price level. There was a serious drop in 1934 and since then there has been a slow but gradual rise which is mainly due to the following facts:—

(i) The jute trade was afraid of a collapse of the entire productive agency; and made a grudging concession with a view to steady the flow of requisite supply of raw jute.

(ii) As a counterpoise to restriction propaganda, the trade maintained prices at a higher level in which the necessity of keeping the position of jute as a remunerative money crop was a deciding factor.

(iii) The gradual recovery of the normal level in prices of all commodities including jute since 1935.

(c) (i) Not much.

(ii) Not appreciably.

(iii) and (iv) I am not competent to answer these questions.

(d) The primary agency working for voluntary restriction was inadequate and unreliable. Moreover, the natural desire of all men to profit by other people's sacrifices, frustrated the object of such propaganda.

(e) Not to be remedied unless the mass of jute growers are properly organised and taught the necessity of such restriction and also made to respond promptly to this call for voluntary restriction by intensive propaganda and moral education.

(f) No.

3. (a), (b), (c) and (d) I am not competent to give any reply to these questions as they require expert knowledge.

4. (a) No. Because the present circumstances are against the achievement of any effective improvement of such system.

(b) I am in favour of compulsory restriction though it might be repugnant to the accepted notions of civic liberty. A certain amount of state control and compulsion is called for in this country where the illiterate cultivator is not sufficiently educated to understand his best and ultimate interests.

5. (a) Compulsory restriction has been successfully applied to opium ganja, etc., in India.

(b) By legislation, agreement always proves ineffective.

(c) No.

(d) and (e) Restriction by legislation is possible and may be effected along the following lines. The fundamental condition of success for such compulsory restriction—is limitation of acreage under jute and penal provisions for violation of the restrictive order. The probable demand for each year should be estimated carefully in consultation with the trade and the total acreage for the entire province (district by district) should be fixed after considering the likely shrinkage of market caused by substitute crops. The acre may be taken as the unit of measure and a fixed percentage of it should be announced each year as the legal limit for jute cultivation. A register should be prepared by each union (checked by the Circle Officer) in which the name of each cultivator, the Revenue Survey plot numbers of the land actually and *personally* cultivated by him and its total area should be entered, after which the total area can legally cultivate should be shown in the appropriate column. As far as practicable the total area each cultivator is allowed to sow with jute, should be made up of the plots which he prefers. Each cultivator shall be bound to submit a statement in the prescribed form supported by an affidavit from which the register will be compiled and false statements can be checked by a penal clause. There should be a jute intelligence officer for each union (who may also be asked to do other duties of rural reconstruction in the off-season) who will be supplied with a list of excluded plots which he shall return to the Board, with a certificate that he has inspected each plot

and found that they were free from jute. Anybody found cultivating more than his legal quota of land should be prosecuted on the report of the jute officer to be submitted to the Subdivisional Officer with the President, Union Board. As an additional safeguard against collusive methods of unwarranted production the supply of seeds may be restricted; and storing of seeds by anybody except stores run by Government may be made a penal offence. Each cultivator should obtain from the President a ticket indicating the area he is authorised to cultivate and the allowable quantity of seeds, on purchase of which, the ticket shall be duly endorsed and cancelled.

(f)(i) There may be a lot of political propaganda against such legislation in the name of civil liberty, but that can be successfully combated by counter-propaganda and the good results likely to follow quickly. In order to make such a scheme effective, Government will have to appoint a large staff of jute intelligence officers (as stated above) the cost of whose entertainment may be met from the jute export duty.

(f)(ii) With some distrust and suspicion at the beginning.

(g) Through propaganda and education.

(h) Yes. Unless other provinces co-operate the Bengal cultivators may be boycotted by the jute-trade.

(i) By an all-India body to be appointed by the Government of India in consultation with the Governments of jute-growing provinces.

(j) The abovementioned body should announce annually and in advance the areas allowed to be cultivated by each province.

6. There may be a slight drop at the beginning but it can be easily remedied by introduction of substitute crops which will pay.

7. (1) To the cultivation of substitute crops.

(2) Yes—as part of a comprehensive provincial crop planning.

8. (a) On the basis of already existing surplus stock and the probable shrinkage of market due to substitute crops. The Presidents and jute intelligence officers should supply the figures regarding the stock held by cultivators while the Chamber of Commerce may be asked to supply estimates of stock held by mills and middlemen.

(b) There should be an all-India committee appointed by the Government of India in consultation with Governments of jute-growing provinces.

9 to 12. I am not competent to answer these questions as they require expert knowledge.

13. (a) Yes.

(b) Over the whole province.

(c) Yes, such a market would attract buyers and sellers and provided other jute-growing provinces co-operate, no special measure limiting dealings with outside markets would be necessary.

(d) The provincial jute control committee.

(e) With nominees from all jute-growing provinces and representatives of important jute factories and trading agencies.

(f) Out of the jute export duty.

14. (a) If the acreage is controlled as outlined above, and the market is regulated a corporate marketing organisation would hardly be necessary; but such an organisation may usefully employed till the aforesaid measures are put into effective practice.

(b) and (c) Such an organisation should be modelled on the Central Cotton Committee and should have branches all over the jute-growing provinces. With properly organised propaganda, it should be able to function successfully.

(d) Out of the jute export duty.

15. (a) I am not optimistic about its chances of success. It had been given a fair trial but it failed dismally; I am in favour of a separate and expert organisation.

(b), (c) and (d) Do not arise.

16. (a) I am not competent to answer the first part of this question but I do not favour the idea of a future market for loose jute.

(b) I do not consider future markets to be necessary.

(c) They have an unsteady influence on the trade.

17. (a) In this district roughly speaking 15 maunds per acre.

(b) Round about Rs. 4 per maund.

(c) The normal cost of jute cultivation per bigha may be tabulated as follows:—

	Rs. a.
Rent	1 8
Ploughing	2 0
Seeds	0 8
Weeding	8 0
Manure	1 8
Harvesting	1 0
Steeping	1 0
Extraction	4 0
Drying	0 0
	<hr/> 20 0 <hr/>

Estimating the normal outturn per standard bigha at about 5 maunds, the cost of production per maund comes to above Rs. 4.

18. Rs. 2 per maund, of 50 per cent. of the cost of production.

19. I am not in a position to answer this.

20. It has tended to lower prices of raw jute by rate-cutting among manufactures in respect of finished products.

21. Yes, from year to year.

22. Prices must be fixed after carefully considering, (i) the stock in the hand of cultivators, middlemen and mills, (ii) the prices of substitutes, (iii) outturn from the acreage which must be vigorously controlled and (iv) probable demand for raw jute with reference to the factors likely to influence the world market for jute for the year.

23. (a) and (b) This requires expert knowledge to answer.

24. If the essential conditions outlined in my answer to question 23 are fulfilled, and if the legislative measures envisaged in the answer to question 5(e) are adopted—the risk of the fixed minimum price falling below the level of market price would be almost eliminated. But, if in spite of all these safeguards the price does fall, the trade may be dealt with as being guilty of an economic conspiracy detrimental to the best interests of the country. In any even Government must guarantee maintenance of price at the minimum level, if it be fixed by legislation.

25. An All-India Jute Control Committee should be organised.

26. I am not competent to answer this, but I trust that the jute export duty would be able to bear the strain of these financial obligations.

27. (a) Varying between Re. 1-4 and Re. 1-8.

(b) It could—but middlemen can hardly be excluded.

28. (a) This is not done in my district, so far as I am aware.

(b) and (c) Do not arise.

29 to 33. I am not competent to answer.

34. (a) The Government forecast is used for speculation but the trade does not take it seriously, having their own agencies for collecting inside and more accurate information.

(b) Their mofussil branches collect information and report their estimates of acreage, growth, stock, etc., to the Head Offices where they are consolidated. But no regular statistics or records are prepared.

35. No.

36. The present system depends for its accuracy on the village "Matbar" who is thoroughly unscrupulous and irresponsible person, and our supervision is hopelessly inadequate because the area each man is expected to control is entirely unmanageable. The number of such supervisors should be largely multiplied (preferably one for each union) and they should be paid substantially, so that corruption may be obviated.

37. (a) and (b) I am personally in favour of a field to field survey (which would guarantee cent. per cent. accuracy) once in 15 years, to be followed by random sampling in the next 14 years. Different methods of random sampling should be tried in the year when field to field survey is made, and that which yields results most nearly approximating the figures of the field to field survey should be adopted. I can't give any idea of the cost, but I believe the results would justify it.

38. (a) and (b) I have no personal knowledge from which I may answer these questions.

39. Both necessary and possible.

40. (a) Yes—failure to do so may be remedied by a penal clause in the legislative measures contemplated in question 5(e).

(b) Yes.

(c) I cannot say.

41. The forecast should be published as a whole.

Replies to the questionnaire on Jute by the Collector of Noakhali.

1. (a)(i) Yes.

(ii) A regulated outturn might mean a fair price to the producer. Less jute means less netting and therefore a healthier country side, cleaner water in ditches and perhaps clearer fish. Sale of jute has taught the innocent villagers shady dealings.

(b) Does not arise.

2. (a) The success has been directly proportional to the keenness shown by the Government on restriction. I must confess, my enthusiasm waned a good deal when I found last year superior officers responsible for the success of the scheme for voluntary restriction poohpoohing it.

(b) I should think so. Jute is being put to new uses. Its demand is probably greater now. It is difficult to apportion the extent to which greater demand has been responsible for the rise in price. I have no figures of export here with me.

(c)(i) Yes.

(ii) Doubtful.

(iii) and (iv) Don't know.

(d) The policy is worked loosely. It consists of officers drawing fat travelling allowance moving about and lecturing to the village folk on the evils of over production of jute. Little is done to see how far the grower is responding to advice. I would recommend the system followed by Mr. S. N. Ray in Tipperah in 1937. I believe jute plots were hatched on settlement Mouza maps. Mr. Ray succeeded in preparing a fairly accurate jute map for the entire district.

The man responsible for the jute restriction lantern slides had precious little idea of the people of East Bengal, the principal jute growing area. The slides could never appeal to the East Bengal grower.

(a) A little more recognition of the work of jute control charge officers and their co-workers would have gone a great way in making restriction a success.

The appointment of a propaganda lecturer was a move in the right direction.

The lantern apparatus sent to my district last year proved useless. Its parts were incomplete. A lantern lecture should invariably be insisted upon and the slides as I have said already must be really rural.

In my district, pamphlets and processions invariably attract village crowds.

(f) No.

3. (a) Not much yet I think.

(b) (i) to (iv) I have not handled the substitute for jute. I am unable to answer these questions.

(c) Ditto.

(d) Ditto.

4. (a) Yes. The extent of restriction needed for an economic price is really not very much. An improved system of voluntary restriction should meet the case. I feel, compulsory restriction would be difficult to work.

5. I believe a policy of restriction has been applied successfully to the case of rubber and tea. But jute is different. I can also think of an excisable article like ganja (not an agricultural commodity) to which restriction is being rigorously applied. But here again, ganja and jute are poles apart.

6, 7 and 8. Do not arise.

9. I have not studied the matter. I cannot answer.

10 and 11. No personal knowledge.

12. He sells it either to the Bepari in his village or brings it to the nearest market for sale to the Beparis.

(b) Allowances and deductions for moisture and variation in the standard of weight operate unfairly on the producer.

(c) Yes, by legislation.

(d) There are four grades now, I believe according to quality. The grading is forced on the grower by the buyer. Grades should be standardised and enforced.

(e) Quality of the fibre.

(f) Yes. Standard fibres might be hung up in all mofassil markets.

(g) Statutory body.

(h) By wire to the Collector from Calcutta, like weather telegrams, the Collector would have the prices announced by beat of drum through Presidents of Union Boards in the villages. The growers know little about Calcutta prices now. They are swindled by the buyers with false information.

13. (a) Yes.

(b) Ten square miles.

(c) Yes, yes.

(d) Statutory body.

(e) The marketing committee should consist of representative of buyers and sellers, and the market Superintendents are to be appointed by the Statutory body.

(f) By a charge on sales.

14. (a) Not at present.

(b) to (d) Does not arise.

15. (a) It had once been tried and it failed.

(b) to (d) Does not arise.

16. (a) to (c) Have no personal knowledge.

17. (a) In Noakhali district 12 to 13 maunds per acre.

(b) Rs. 2-12.

(c) Annas 3 rent and cess for growth of jute only other crop being left out of consideration. Anna 1 seeds. Re. 1-4 ploughing. Annas 8 weeding. Annas 12 cutting, steeping and gathering.

18. Rs. 6 as per maund as price.
19. (a) By eliminating middlemen such as farias, brokers roaming the villages.
(b) I suppose so.
20. Its immediate effect was salutary for the growers as it increased the price but its ultimate effect was disappointing as the production and consumption did not run parallel.
21. Perhaps not. It might not work. Five years' trial would not be a bad idea.
22. Needs more knowledge of jute business specially in Calcutta than I possess to answer.
23. (a) and (b) I regret I have not studied the export of jute. I cannot answer.
24. Needs more knowledge of jute business specially in Calcutta than I possess to answer.
25. Ditto.
26. Ditto.
27. (a) I have no idea of the price paid by the shippers of raw jute.
- 28 (a) to (c) This is not done in Noakhali district.
- 29 to 33. I am incompetent to answer any question, on relationship between prices of raw jute and jute products and freights and insurance.
34. (a) Premature fixation of prices of the commodities by the traders.
(b) By local enquiry by their own men.
35. It admits of improvement.
36. At the actual stage of enquiry in the village.
37. (a) Yes, if the enquiring agencies are supplied with cadastral survey maps of mouzas and plots under jute are marked on them there will be a reasonably accurate forecast in my opinion. The Union clerk may be slightly remunerated for the extra work.
(b) Likely to be less accurate, although less expensive perhaps.
- The cost of field to field survey is not likely to be prohibitive, and it would not be recurring. Once well done, accurate figures could be got year after year with little effort.
38. (a) I am not aware of the results.
(b) I am not in a position to say this now.
39. Perhaps not.
40. (a) Yes.
(b) Yes.
(c) I suppose so.
41. The present practice may continue.

Replies to the questionnaire on jute by the District Magistrate of Murshidabad.

1. (a) (i) Yes.

(ii) To prevent over-production.

(b) Does not arise.

2. (a) The policy of voluntary restriction has hardly been successful.

(b) The policy might have directly affected the price in respect of speculative dealings. Adverse weather conditions synchronised with the policy of voluntary restriction with the result that the output was reduced and the price looked up.

(c) Not known.

(d) and (e) The present policy of propaganda for voluntary restriction produces no effect on the cultivator. Those who attend propaganda meetings form a very small minority of the total number of cultivators. Advice given is heard out of curiosity. But owing to lack of elementary education the cultivator is wedded to conservatism and follows the traditions pursued by his fore-fathers. He had no fine intelligence nor broad outlook and is absolutely merged in his own personal interest. He believes in the idea that the more he will produce the more profit will he earn if eventually production is restricted by Government policy and the price rises. Experience has shown that unless restriction is compulsory there is secret competition among the cultivators to produce as much as each can to steal a march over his neighbour.

(f) No.

3. (a) It is believed that substitutes for jute are being introduced but it is not known to what extent they have affected the world demand for jute.

(b) Bengal has monopoly of production of jute. The post war boom of jute must have been a warning to the foreign countries to their helpless dependence for jute upon Bengal produce. The policy of achieving national independence with self-sufficiency of raw materials must have been a great impetus to foreign countries to find substitutes for Jute.

(c) In view of the considerations indicated above the use of substitutes is likely to expand.

(d) Not known.

4. Unless it is compulsory restriction will not be successful.

5. (1) (a) No.

(b) Not known.

(c) Not known.

(d) Compulsory restriction will require enumeration of fields, apportionment of quota to individual cultivator for production of jute for any particular year and enforcement of the observance by each cultivator of the restriction thus imposed. An elaborate staff like that employed in connection with Census operation will be necessary. Some workers at the bottom to work in villages might be available on honorary basis.

- (e) Legislation is possible but I cannot give an outline of the same.
- (f) (1) Compulsory restriction will involve financial outlay. As to the other difficulties they will be remediable.
- (2) Legislation will be appreciated no doubt by all cultivators as they will realise that compulsory restriction will be for their own benefit and no one will be able to evade it.
- (g) Does not arise.
- (h) Certainly.
- (i) Other provinces should take up compulsory restriction on the same lines as Bengal. This may be effected by an agreement reached by Provincial Governments concerned.
- (j) Restriction will be more easily feasible by area and quota.

6. Compulsory restriction will have no immediate effect upon rent. If jute ultimately rises in price there is even hardly any possibility of rent to go up. Jute land may appreciate in value as it did during the period of jute-boom but rents cannot move upward as their enhancement is regulated by the provisions of the Bengal Tenancy Act. As a matter of fact rent did not rise when jute fetched abnormally high price in the boom period.

7. (i) The surplus lands might be profitably utilised for cultivation of alternative crops such as groundnut, sugarcane, etc.

(ii) Subsidising alternative crops at the present moment will not be necessary.

8. (a) It will be up to the Provincial Government to compile statistics of stocks existing in the hands of millers and big stockists in a particular year and to ascertain the demand of mills both inland and overseas for jute. The supply will then be adjusted to the net demand and the area to produce the supply may be determined by taking the average of yields during the last three years. The area to be taken out from jute cultivation will be found by subtracting the area required to produce the desired supply from the total area normally under cultivation of jute.

(b) This area may be determined by local Government.

9. Taking into consideration the fact that each foreign state is now zealously improving her economic resources to be self-sufficient it is very probable that the future world demand for jute will not expand but might have a tendency to contract.

10. Not known.

11. Not known.

12. (a) The bigger cultivator sells his produce mostly from his house to middlemen. The smaller cultivator sells at neighbouring markets.

(b) Not known.

(c) Yes. The use of standard weights may be enforced by penal provisions in the Code.

(d) Standardisation of grades is an indispensable preliminary for securing a wide market. At present there is no grading of raw jute in vogue.

(e) An expert in jute trade can say.

(f) Ditto.

(g) Ditto.

(h) Information regarding Calcutta market prices may be conveyed to producers by propaganda, by leaflets and by radio-broadcasting at important market stations. At present the cultivator has no means of knowing the conditions prevailing in the Calcutta market.

13. Until organisation of association of jute producers it is not believed that regulated markets will be workable or produce any desired results.

14. Ditto.

15. Sale-supply societies may be worked with success with a suitable legislation for enforcement of their terms and conditions. Such societies as experimented in the past proved failure on account of the voluntary character of their working.

16. (a) Future market is more or less gambling and has no stabilising effect on the price of jute to the benefit of the cultivator.

(b) Future markets are not necessary.

(c) Fluctuations in prices must be the effect of future markets.

17. (a) The normal yield of jute per acre in this district is about nine maunds.

(b) The approximate normal cost of production per maund of jute will come up to about Rs. 3.

(c) The cost of production has been calculated as follows:—

<i>Per Bigha.</i>			Rs. a.	
Ploughing—3 ploughs	1 8
Seeds—1 sr.	0 4
Harrowing	0 8
Weeding (twice)—14 labourers in all	2 10
Reaping (4 labourers)	0 12
Washing	1 12
Drying, etc.	0 6
Rent	1 4
Total			...	9 0

One bigha produces three maunds of jute and so the average cost of production per maund of jute is Rs. 3 (Rupees three).

18. Not less than fifty per cent.

19. Profit may be increased by reducing the supply and also by employing improved methods of cultivation.

20. Competition among manufacturers must increase the demand and raise the price of jute.

21. Fixation of minimum price will involve financial responsibility to the State. Such interference with economic forces is not advisable.

22. Does not arise.

23. No appreciable effect has been produced by the jute export tax on prices paid to producers.

24. In such an event Government will have to come forward to purchase the excess supply and that is why I observed that the fixation of minimum price will be financially expensive.

25. Does not arise.

26. If Government decide upon fixation of a minimum price expenses on that account may be met from the proceeds of the jute export tax. But artificial regulation of price will be economically harmful in the end and it will not be a sound policy. Supply will continue increasing in expectation of the fixed minimum price and it will be impossible for any authority to purchase the surplus for any length of time.

27. Not known.

28. Cultivators are known to pledge their crops to some extent in this district but it is not known to what extent. This has no effect on price level.

29. Not known.

30. Not known.

31. (a) Possibly, as price will rise when the supply is reduced.

(b) Not known.

(c) Not known.

32. It will be a question of division of profit between the manufacturers and cultivators. If the price of manufactured goods goes up and if a portion of the increased profit is allowed to the cultivators then the price of raw-jute might also rise. In Bengal the manufacturers are an organised body as purchasers of raw-jute while cultivators as sellers have no organisation and are totally at the mercy of the former. The result is that the manufacturers dictate the price and the cultivators have no capacity to hold on and are bound to dispose of their jute at whatever rates they are given by the purchasers. If the cultivators are to be benefited there should be a legislation that the manufacturers should not be able to declare dividend over certain percentage and then the profit may be fairly distributed between the manufacturer and the cultivator.

33. Not known.

34. (a) Probably the main use to which the jute forecast is put is to apprise the manufacturers of the expected supply for the year.

(b) Not known.

35. Yes.

36. The forecast is prepared by the Presidents of Union Boards through their Dafadars and Chaukidars. If these people take more interest in the work forecasts will approximate to more accuracy.

37. Field to field survey would require an elaborate establishment like that of the Settlement or Census Department but random sampling by a selection of a typical area in each thana would produce better results.

38. Reply given as per question 37.

39. If this can be done it will be very good.

40. Holders of stocks may be compelled to submit returns by legislation.

41. There is no point to publish the forecast district by district.

Replies to questionnaire on jute by the Collector of Dacca.

1. (a) (i) Yes; but I do not consider voluntary restriction successful.

(ii) Higher prices for jute, and a more stable rural economy.

2. (a), (b) and (c) I do not consider that it has been successful, to any appreciable extent. Apparent results can be more truly attributed to other factors.

(i) and (ii) The general opinion is that it has not. I agree.

(iii) and (iv) Not in a position to answer.

(d) and (e) The cultivator is not fit for it.

(b) No; they could afford to ignore it; relying on a knowledge of what is stated just above.

3. It may be doubted whether substitutes have permanently reduced the demand—bulk-loading is the most threatening of such factors.

4. I consider that the voluntary system will never be successful with the present cultivator. Indeed, anywhere, an exceptionally high type of cultivator would be required to work it. I append note by Mr. S. K. Dey, I.C.S., which advocates compulsory restriction. With the unit the cultivator of the present with his insignificant holding, I do not think, compulsory restriction can be worked. On the other hand, Mr. Dey's solution ignores the "imponderables"; it will never be acceptable to the rural population.

5. (a), (b) (c) I believe, cotton in U. S. A.; coffee in Brazil and to some extent tea in India.

(d) See Mr. Dey's note.

(f) (2) Mr. Dey's solution they would delect; it seems, however, the only practicable solution.

(g) The only thing is to ride rough-shod over them.

- (h) They must, if they produce jute.
- (i) By a Statutory Jute Board.
- (j) For preference by quota on Mr. Dey's system; if the present cultivator is maintained, must, I think, be by area.

6. On Mr. Dey's system, none.

7. (1) and (2) I think that ultimately rural economies would surmount any such difficulty and the loss to the cultivator would be made up out of improved jute-prices.

8. (a) and (b) A Statutory Board covering all the jute-growing Provinces and States.

12. (a) He sells to a "faria".

(b) The weights are often bad and there are "abwabs."

(c) Yes. By police and magisterial action.

(d) If practicable. Grading is at present. I think, in the hands of the brokers (e.g., at Narayanganj).

(f) I doubt it.

(g) The Statutory Board.

(h) They know nothing of them and are at the mercy of the middlemen who are certainly not anxious that they should know. There should be a system for dissemination of such information and it would not be very difficult to devise.

13. I cannot see that this would produce anything but an intolerable racket.

14. I can envisage none.

15. I believe they have failed once and thereof should not be tried again. They suffer from the same disadvantage as (as Mr. Dey shows) attached to the minimum price system.

16. On the cultivator directly none; on the middleman a lot. They are essential and can hardly be controlled.

17. (a) Figures given are—

(b) Figures given by Subdivisional Officers range from 2/8 to 3/8 per maund; but these exclude the cultivator's labour and the interest charge on his capital.

18. If those factors are taken into account 10 per cent. is enough.

19. (a) Restriction.

(b) It may be possible; but clearly goes to stultify any effort at restriction.

20. It may serve to keep the prices at which a mill buys raw material down. To remove competition among manufacturers without controlling production will only force prices down.

21. No, *vide* Mr. Dey's note on the point, with which I entirely agree.

22. Unlimited resources which will not be available.

24. Not a Government guarantee, Government ill too soon become bankrupt..

27. They all serve useful proposals, but on Mr. Dey's system they could be eliminated.

28. (a) The officer hypothecate them to middlemen and sometimes, I am told, to those holding the superior interest in their land.

(b) and (c) Not known. [The whole system is not very common now.]

31. (c) Not without control of production of raw jute.

32. Not automatically.

34. (a) I am told it is regarded as quite unreliable.

35. No.

36. The improvement must be in the Unions.

37. (a) I can see no alternative agency.

(b) Yes. Prohibitive.

38. I do not know the results.

39. I do not think so.

**Answers to the Jute Committee questionnaire by S. K. Dey, Esq.,
Additional Collector of Dacca.**

1. The idea of jute restriction in the present conditions of cultivation of this crop is a chimera and no further time, effort and money should be wasted in its pursuit. It is the description of jute as a monopoly product of Bengal that is responsible for engendering the specious hope that monopoly profits can be secured by its reduced supply. In fact there is no monopoly whatever in jute production. It is produced under conditions of the fiercest competition among countless small cultivators. Collectivization of jute cultivation must precede any workable scheme of restriction; and that implies a revolutionary change in the present agrarian economy and is no doubt ruled out of Court.

2. Voluntary restriction has been abortive, and necessarily so. It proceeded on certain assumptions of foresight, self-abnegation, concerted action for the common good of many other such virtues in the ryot which are untenable in reality. Immediate individual gain is the sole incentive to economic activity in that order of hand-to-mouth existence which is the portion of the average Bengal cultivator. Restriction presupposes overcoming of this impulse by an effort of the will. To hope to achieve this on any substantial scale is puerile and childish.

The entire chain of middlemen, from the Faria and Bepari to the mill-owner, is opposed to restriction of the crop, because the less the supply, the higher the cost price of the raw material to these people.

But these hard-headed men, realizing from the beginning that the restriction propaganda is freedom to failure, have had no need to actively stir themselves to thwart it.

3. The threat to the economic position of jute, whether from fibrous substitutes or from the employment of new modes of packing is grossly exaggerated. On the other hand, fresh uses of jute are also opening up. I cannot conceive of jute being effectively supplanted in any foreseeable future.

4. The problem, as I see it, is that of controlled production through collective organisation of jute growing. To frame the issue as an alternative between Voluntary and Compulsory Restriction appears to me to miss the point. If, however, the continuation of the present system of cultivation on innumerable infinitesimal individually owned holdings is to be taken for granted, control of either variety (i.e., whether voluntary or compulsory) will be impracticable.

5. The kind of control I envisage is through state monopoly of jute growing such as, I believe, is the case with opium and quinine; alternatively, though licensed cultivation by selected large-scale farmers. If, on the other hand, individual enterprise is to be preserved, the setting up of large jute plantation under joint-stock companies by settling suitable jute growing tracts with them after buying out all the private interests in such lands would appear to indicate a possible line in the light of the experience in tea. Financial implications of such schemes have to be examined in detail, but it must be obvious that any of these will be immensely profitable and provide large funds to the state for beneficent activities.

21, 22. Fixation of a minimum price presupposes a rigidly controlled supply and can be possible only in conditions of State monopoly of cultivation or concerted action through a planters' association. But in such conditions the fixing of a minimum price will not be necessary. To attempt this in conditions of uncontrolled competitive individual cultivation would involve the guaranteeing authority—the State itself, no doubt, is meant—in sheer financial disaster in no time.

A note on a scheme of Compulsory Regulation of Production by Subdivisional Officer, Kushtia (Mr. M. M. Basu, I.C.S.).

Let it be said in preamble that in the following memorandum only the main principles will be discussed as it is difficult to obtain the relevant details and statistics in a far away mofassil station. There is however no reason to suppose that the basis of the main principles worked out in the following scheme will be seriously, if at all, affected, as only broad generalisations have been attempted which will remain the same whatever be the change in the minor details.

Jute practically used to be, and to a large extent still is, a monopoly of Bengal though there are areas in Behar where jute is comparatively poor in quality, as also Orissa and Assam, which are cultivated with jute on a decent scale. We may leave out isolated areas like Ganjar in the United Provinces where the introduction of jute-cultivation has not been without some success but the above

countries stand in a practically monopolistic position as the soil is systematically enriched by alluvial deposits and is remarkably suited to the cultivation of this crop without much expenditure of money or effort. In the year 1930 Bengal alone was responsible for about 90 per cent. of the total jute growing area in India. Any scheme for the improvement of jute prices and ensuring of prosperity to the primary cultivators must therefore be wide enough to comprehend Behar, besides Bengal, and also the areas in Orissa and Assam.

Such being the position regarding the cultivation and supply of the crop, we are obviously in a monopolistic situation, well able to control the prices with sufficient organisation. Let us however look to the side of demand for the crop. Germany used to be the largest customer for India's raw jute, the United Kingdom ranking the next after it. During the last War exports declined considerably. It is a fallacy to think that the War gave any impetus at all to the jute industry. While there may be a temporary demand for sand bags and other jute stuff caused by the preparations for war and even a temporary rise in prices, the international trade in the commodity is invariably disorganised and the reduction of purchasing power so invariable a corollary of rising prices during the war coupled with the risks to a depleted merchant marine inevitably reduce the peace time demand. This fact must always be taken into consideration and allowance made for it before the net demand for jute is computed. The poor cultivator in the United States or the agricultural states of South America might decide to put off buying jute bags for his crops and manage with substitutes like paper bags or even carry on with his old torn up bags with holes patched up for the time being. In the case of India the exports of raw jute further declined during and after the war because of the indigenous manufacture of jute goods. The exports of finished jute goods from India have increased faster than the exports of raw jute.

Attempts have been made at various times and not without some success to reduce the monopolistic character of India's supply of the crop with the invention of substitute material. We have heard of the use of Sisal in Africa, Broom in Germany and Italy, Pocco-Poco in Brazil and Malva in Cuba which are all meant to be more or less substitutes for jute. Baling cords have been substituted for by iron hoops and wires in some places and printed tapes and gummed paper have been used for jute threads. We have also heard of the use of bags of hemp in Mauritius. Storage is sometimes done in elevators in place of jute bags. Again the yield of "Mahotine" in Central America is 2 tons per acre as against 0.6 ton for jute. America is reported to be making strong paper bags with sugarcane fibres. Cement is again sometimes being exported in paper bags.

The above might appear to be a fairly long list of articles with a tendency to be substituted for jute in many ways. It will however be seen that though the list is long, they merely represent but tentative attempts on a limited scale and in a sporadic way. Jute still controls a dominant position in relation to uses for which it is best suited and the generalisation may safely be hazarded that unless its price were to increase to uneconomic limits it will still continue to occupy a monopolistic position in the market. Substitutes are no doubt conceivable but they cannot seriously threaten the position of jute so long as they do not equal it in point of price and exact serviceability. We may rest assured that there won't be a serious competitor if the price is not too

high. We may also note as against this that additional uses are being found for jute in other spheres, especially in the preparation of coarse garments. We have even heard of the use of jute in the construction of roads. It is believed that with systematic research and analysis, new uses for it will be increasingly found.

It will be seen from above that the present world demand for jute even with existing substitutes is almost inelastic in the peace-time organisation of international trade. It follows automatically that the price of jute is capable of being increased to a comparatively high level determined by the coming into use of potential substitutes. The Eastern Provinces of India containing a monopoly of supply can make the foreigner pay a substantial part of the increased price due to restriction of supply or to export taxes or both if they act in concert. The condition however is that they must act in concert and this easily connotes a regulation and restriction of supply. This is however a thing which is absent in the present circumstances. We have seen an era of over-production of jute unrelated to possible demand whether from indigenous manufacturers or Dundee and other foreign areas thereby lowering its price. We have also recently seen an over-production of manufactured goods in this country (since the breakdown of the agreement of the Indian Jute Mills Association) resulting in a glut of the market with a consequent fall in the price of finished goods also. In relation therefore to the demand which we have found to be practically inelastic, we have to regulate the supply both of manufactured goods as also of raw jute. It will not be enough to restrict the supply of manufactured goods whether by recourse to agreement or legislative measures like the Jute Ordinance. Restriction of supply of goods in this way will no doubt mean high prices for them, demand being what it is, and is safely *per se* desirable in view of the present deplorable condition of the jute mills, but this by no means implies that the price of raw jute will also improve for so long as there is no restriction of raw jute itself it will only mean that manufacturers will buy jute at a low price and sell goods at high prices and pocket the increased margin of profit. We are therefore compelled to adopt a policy of restriction at the source, viz., of raw jute which if achieved will not only mean high prices to the cultivators but also to the manufacturing industry.

In this connection we may also discuss the incidence of a scale of export duties on jute as the proceeds thereof will hereafter be recommended for defrayal in the organisation of selling societies. Assume as before the inelastic character of the foreign demand for raw jute and finished goods from India. (The competition from Dundee in the finished goods trade is for the time being ignored.) If there is restriction of finished goods in relation to demand the export duty will be borne by the foreigner. If there is no such restriction, that is, if there is cutthroat competition resulting in overproduction of goods the duty will be borne by indigenous manufacturers in the first instance but in the absence of restriction of the supply of raw jute also, this will be passed on to the cultivator who will have to accept a correspondingly reduced price for raw jute. We, therefore, need, not merely a restriction of the supply of finished goods but also of the supply of raw jute if we at all want to enable ourselves to pass off the export duty to foreigners in the shape of enhanced prices without any diminution in our own profits. Similar argument applies to the

export of raw jute if there is restriction at the source. The proceeds of the jute export tax can then be utilised in the manner indicated below. It will thus be clear that a policy of restriction at the source will also force a restriction of the supply of finished goods even if the industry itself is not regulated by voluntary agreement or legislative ordinances. For the time being we are assuming the existence of middlemen as at present and their profits as well. Even allowing for this organisation, the price can be raised as above resulting in increased profit to cultivators. There will be further increase in such profits if the series of middlemen be eliminated according to the scheme suggested below.

Having accepted a policy of restriction of the supply of raw jute along with restriction of finished goods, we are in the next instance led to inquire about the basis on which such a policy of restriction can be laid. We have already assumed that demand is pretty inelastic and we have agreed to restrict our supply in relation to this demand if there is to be any improvement in the price at all. We have therefore to ascertain the magnitude of this demand for raw jute both from foreigners as well as indigenous manufacturers.

Assuming what will be argued hereafter, viz., the necessity of legislation for all this regulation and the setting up of a Statutory Board under the Act, we at once proposed that the holders of stocks should be compelled to submit correct and accurate returns of the stock held by them at the end of the jute season. The Statutory Board should also endeavour to obtain figures for stock held outside India with the help of the London Jute Association. It should also estimate the probable new demand for raw jute from mills in India and outside, on a basis of actual averages for a number of years. Private firms may also be compelled to declare their probable demand well in advance of the sowing season. They will never mischievously under-estimate it as the supply of raw jute will be sought to be equated to such estimate and no excess jute will be forthcoming even if later required but the chances are that they will state their probable requirements in excess of what they actually require with a view to eventually buying the increased supply at a low price but this can be easily obviated by the system of co-operative organisation as sketched below so that surplus stocks will be held up if no remunerative prices are forthcoming. The difficulty about jute is that while the demand for it is evenly spread out over the whole year, the supply in the present circumstances must be disposed of soon after it is harvested at whatever price is available as the cultivator wants to meet all his obligations and dues with money which must be immediately obtained and which must also pay for his immediate sustenance. If we can increase the bargaining power of the cultivators by organizing them on the co-operative basis so as to enable the selling organisation to hold out longer in anticipation of better prices, half the problem will be solved. This is however the marketing aspect of the problem which will be discussed later on.

We will therefore assume that the probable total demand for raw jute is ascertainable in advance of the sowing season and that the Statutory body of experts that we will propose to set up would be entrusted with the task of ascertaining it. How exactly it will be ascertained is a matter of detail of which a little indication has been given above but with which we are not for the moment concerned. We now come

to the question of restricting the supply of raw jute in relation to this ascertainable demand. It must not be forgotten that we are by no means certain of arriving at an accurate estimate as the difficulties are naturally stupendous but we can nevertheless arrive at a close approximation and our principal duty will be to improve the approximation in the light of the experience obtained from errors of previous years. It should never be supposed that a tentative scheme having to deal with fluctuating materials and variable data can be made to produce satisfactory results soon after it is conceived and put into execution. The motto should really be "something is better than nothing" and that is indeed the test by which we have to judge even the present propaganda for voluntary restriction.

We now come to the next question of the method of restriction of supply. It is clear that no legislation would be necessary if the idea behind voluntary restriction is understood and accepted by all and indeed the latter, if practicable, would by far be the most desirable of all schemes. Experience of voluntary restriction scheme however shows that it does not work in an altogether satisfactory manner. The recent launching of Government propaganda for voluntary restriction has accidentally coincided with a period of drought causing automatic restriction of output and also a previous period of depressed jute prices due to overproduction and the world depression which naturally led to a restriction of acreage. The slight rise in price in 1935 is also partly accounted for by rumours of war and unrestricted competition among manufacturers. True, whatever restriction there has been in the past 2/3 years was also partly attributed to genuine propaganda. But it would be unreasonable to suppose that voluntary restriction could succeed beyond a strictly limited extent. Such a policy depends for its success entirely on the good sense of illiterate cultivators who cannot be easily persuaded as to the benefits of restriction of supply according to requirements of consumers. One may have the good sense while the others will not care for such instructions. Everybody will like to take advantage of restriction by others expecting himself to benefit by an increased output at high prices and it is not altogether improbable that in some areas the increased cultivation of jute was due to this very propaganda. There are other reasons why peasants often cultivate jute as a matter of course. Alternate crops are necessary for better outturn in successive years and so jute has to be cultivated in a particular year. Also paddy areas have to be cultivated with jute in pursuance of the policy of rotation and areas visited by flood are usually better suited for jute than any other crop. It is also a fact that even if peasants genuinely restrict their acreage. The jotedars and mahajans and big farmers who are often men of influence like Presidents of union boards and whose agency is chiefly utilised for propaganda work, themselves take advantage of the reduced acreage of farmers and increase their own cultivation. Experience shows that persons whose interests were likely to be affected due to restriction of jute did not co-operate with the propaganda officer and also that purchasers of jute induced the cultivators with hired agents to make extensive cultivation giving false hopes of a better price.

It will thus be seen that voluntary restriction by no means achieves the purpose it sets itself to realise and indirectly strengthens the argument for dictatorial intervention. This will no doubt be cried down as unnecessary governmental interference but a policy of laissez

faire is all right so long as there is an intelligent tenantry with an enlightened self-interest to benefit by that policy. It will also be granted that a poor tenantry who have no reserve to fall back on and who are handicapped in various ways for ignorance and want of facilities is certain to be driven to the wall in the unregulated play of economic forces. Taking into consideration the effects of propaganda for voluntary restriction which clearly indicate a failure of the policy, and also the fact that the Bengal tenantry whose prosperity essentially depends on remunerative prices for jute will have to be saved from economic ruin anyhow, we must try a policy of compulsory restriction by legislation and take whatever risks there may be, if only a theoretically sound scheme can be worked out.

For there have been cases of controlled production with a view to achieving the same object. We know of controlled wheat in France and also controlled coffee in Brazil where excess supplies have been burnt. There are regulation schemes of pigs and bacon, of wheat, milk-products and beef in England by a policy of quotas and import boards. These are not exactly on all fours with the case of jute which is mainly an export commodity and is not imported like the above commodities ruining the home-producers but the idea of regulation is common all the same. In our own country we have talked of fixing the minimum price of sugarcane and have actually placed an Act on the statute book for the purpose. What is more parallel though on a vastly larger scale is the recent regulation of agricultural prices in the United States by means of the Agricultural Adjustment Act and the elaborate machinery set up for the purpose of implementing this epoch-making legislation. Government have already provided for additional staff for carrying on propaganda for voluntary restriction. If legislative restriction of cultivation necessitates an increased staff and yet embodies the possibility of better results, it should be given a trial by all means even if the risks involved be considerable.

What then is the method by which this legislative restriction is to be translated into effect? It is clear that given the average produce per bigha which varies only within very narrow limits, restriction of acreage will automatically lead to restriction of output. Besides, restriction of output naturally presupposes restriction of acreage for asking a cultivator to produce so much jute and no more indirectly means asking him to cultivate so much land and no more, assuming that the average produce per bigha is nearly constant. Thus if the average be taken to be 5 maunds per bigha, asking a peasant to produce only 15 maunds involves asking him to cultivate only three bighas. Thus restriction of output presupposes restriction of acreage. Besides, what other criterion can there be, besides land, by which to restrict output? How arrive at the amount which each cultivator shall produce? How say that farmer A shall cultivate 9 maunds and farmer B only 3 maunds without reference to the acres of land held by each. If A holds three times as much land as B it will then be possible to hold that A should be allowed to produce 9 maunds of jute and B only 3 maunds assuming that three maunds per bigha is the quota of maximum produce to be cultivated. Even the allowable basic rate of 3 maunds per bigha can only be arrived at by equating the whole of the jute cultivable land to the estimated total demand. Thus restriction of produce being inherent in the restriction of acreage, the latter is easily indicated as the more suitable method of restriction.

If therefore we decide to restrict the total acreage under jute it is only equitable that the reduction of produce should be distributed among all cultivators on a *pro rata* basis. In other words if we decide to restrict production only, say, 40 per cent. of the total acreage under jute, we should direct that each cultivator should cultivate only 40 per cent. of the total jute land held by him. For this purpose we need to have the total jute area in all the provinces involved in the legislation as also the total jute area held by each individual cultivator. This would be easy to obtain, though it will involve a vast amount of clerical labour in the first instance but only minor modification in subsequent years as transfer of holdings, etc., takes place. This may be obtained either from the Zemindars or by union board clerks in each union or by both but it is better that the Act should provide for compulsory declaration by each cultivator, well in advance of the sowing season, of his total cultivable area. The declaration should be made at the Board office of each union and the President should be entrusted with this task. If necessary, there may be an *ad hoc* officer for each thana who will sit in each union by turn and receive the declaration. But Presidents may be tutored to do this and there is no reason why they should not be relied on for this purpose if we are already prepared to rely on the declarations of the individual cultivators. In any case the provision of penalties in the Act for deliberate suppression of facts will act as a sufficient deterrent. The cultivators should next be told what per cent. of their total area should be cultivated for jute. This percentage will be determined by the strength of the total demand which will be estimated by the central authority, viz., the Statutory Board and will be worked out in the following way. Once the percentage is communicated to cultivators through the union board, it should be the duty of touring officers of all classes to check up holdings of cultivators at random in course of their tours. It may be pointed out that this is the way in which the collection of rates by tahsildars in big Zemindary concerns are supervised by responsible officers. The Midnapur Zemindary Company is a case in point. In any case the cultivators themselves will provide a system of mutual checks and any one cultivating in excess of the fixed quota is likely to be given out by his more law abiding neighbour and the play of individual self-interests will keep the law-breaking profiteering adventurer to the restricted percentage. The idea of legislative regulation of even such difficult matters as the reporting of births and deaths has already been accepted and given legislative form and there is no reason to suppose that the compulsory declaration of cultivable area by a tenant and his cultivation in accordance with the fixed quota is likely to be not very successful. A Special Officer for each subdivision who will be chiefly concerned with restriction work, preparation of forecasts and other statistics, communication of commercial intelligence to cultivators, organizing the marketing of jute and all other matters in connection with jute restriction is sufficient for the purpose. He will be under the Subdivisional Officer but the Statutory Board will chiefly direct his activities. He will also give the cultivator a licence in which the percentage of area he is authorised to cultivate will be noted.

It may be said that we have already adopted the idea of percentage in our propaganda for voluntary restriction. We have often told the cultivator that he should cultivate in any year, say, 5a. 3p. of his cultivated area of the previous year. This all goes to show that we fully believe in the idea of restriction by area and have already adopted

the essentials of the present schemes only without the truly restrictive element, viz., the sanction of the law. We may recall that President Roosevelt was daring enough to launch an agricultural scheme on a continental scale with full legislative backing behind it, this being part of his general recovery programme, popularly known as the New Deal. The same idea of restricting acreage of cultivable land was followed there and a system of subsidies to compensate the agriculturist for the enforced fallowness of his land was adopted. This was also with the purpose of forcing up the depressed prices of agricultural produce in the United States, consequent to the Great slump of 1929-33.

What then should this percentage be? If all the quantities which we have discussed above be approximately obtained before the sowing season, and only approximation is all that is necessary, be it emphasised, it is clear that the percentage of land that will have to be restricted can be easily calculated as follows:—

Let D equal to the total demand for jute in maunds as calculated by the Statutory Board from various sources.

Let P equal to the percentage of his total jute cultivable area that each cultivator will cultivate in any year.

Let A equal to total jute cultivable area in the whole province as ascertained from compulsory declarations by cultivators under the Act.

Let Y equal to the average yield per bigha in maunds to be obtained from the Director of Agriculture and the Director of Land Records.

Then, since we are to equate supply to the demand for any year,
D equal to $\frac{Y \cdot A \cdot P}{100}$. Therefore P equal to $\frac{100 \times D}{Y \cdot A}$.

This is the general formula but perhaps special percentages will have to be adopted for the different areas of Bengal differently suited to the cultivation of jute. Thus a higher percentage of restriction may be recommended for Western and Middle Bengal where jute is of a very low quality and where the land can be better utilised in growing alternative crops. In this case, if P 1 and P 2 are the respective percentages selected, D equal to D1 plus D2 equal to

$\frac{Y_1 A_1 P_1}{100}$ plus $\frac{Y_2 A_2 P_2}{100}$ where the total estimated demand

will have to be divided in the ratio D1 : D2 between the two areas on an equitable basis, say, the averages of total production for a number of years, respectively for the two areas.

There should, of course, be minor modifications in the working of the percentage; the supply, for example, should be a little in excess of the demand as a certain margin has to be allowed for possible loss of and damage to crops. Allowance for a good many other things has also to be made in arriving at the magnitude of the different quantities. But the main principle will be indicated by the above formula. Having obtained the percentage, it should be communicated to the cultivators union by union and all touring officers should be instructed to check in course of their tours the actual acreage under jute and to see if this conforms to the legal percentage. A rough checking will be sufficient for the purpose and detailed measurement

will not be necessary as excesses and deficiencies tend to correct each other and any deviation of the final total supply from the total demand will be allowed to accumulate in the central depots of each district under the charge of the district body as described below.

It follows that restriction by area would automatically lead to restriction of output, in-as-much-as there is no possibility of intensive cultivation in Bengal, this being limited by the price of manures, the price of additional labour and implements and the want of time of the cultivator who must attend to the simultaneous cultivation of other crops on the land released by restriction. General opinion seems to be that conservatism and lack of imagination of the Bengal peasantry will also be the chief psychological obstacle in the way of extensive cultivation.

In these circumstances, we need not think of fixing a minimum price for jute. There is no reason to suppose that a minimum price will be effective without even a regulation of supply. If there is no such regulation, a Government guarantee that jute should not be bought at less than a certain price would mean that the area under jute will almost double itself resulting in the fall of the natural price below the fixed minimum level. What will then become of the additional supply after the demand of the mills has been satisfied at the pegged price? Normally, if the natural price was sufficiently low, stock holders will absorb the excess supply taking advantage of the low price and save it up in stock, though how much they will absorb in this way depends entirely on the glutability of their stock in relation to other factors. But if there is a legal minimum for the price, the market will absorb only so much as it happens to need at the price and the balance of the supply will simply prove to be unsaleable.

No stock holders would like to buy up the balance at an unremunerative price which happened to be far above the natural price as fixed by the forces of supply and demand. Can it ever be possible for Government to buy up the surplus of which the vendibility is simply zero? What will happen if every year there is an unexpected surplus in a similar fashion caused by a guaranteed price? Clearly, Government cannot go on buying up the surplus each year but will have to warn cultivators against increasing their output. We are therefore led back to the regulation of supply once more.

It will on the other hand be sufficient if supply is so regulated that the price, at whatever level it might stand, will never be unremunerative. If the total demand is estimated and if the supply is carefully regulated in relation to same in accordance with the above formula, the mere monopolistic position of the sellers who have been organised into one unit so to say, will ensure a sufficiently high price which will adequately cover the costs of production and yet leave a decent margin of profit to cultivators.

Before legislation is possible there should be a proper enquiry regarding the intermingled and conflicting interests of the different agencies engaged in the cultivation, trade and manufacture of jute. The margin of profit of the actual producers and also of the jute supplying traders and mill owners should be enquired into and the object of the legislation should be to safeguard the interests of all

necessary parties, provided of course that the parasitic middlemen are eliminated wherever possible. Wherever possible, that is to say, for obviously there will be a number of middlemen representing a necessary link in the chain of marketing. Any enactment ought to have a two-fold purpose—the protection not merely of the cultivators of raw jute but the regulation and control of the jute trade, including mills, as well. Financial and administrative difficulties will no doubt appear but they can be left to the care of a special department under the Department of Agriculture and Industries and the cost may be met from the proceeds of export duties and license fees if introduced in any form.

The genuine demand of the market for the principle finished jute goods should be ascertained. The requirements of the Indian Mill owners and the Dundee merchants should also be ascertained. The Statutory Body should then calculate the extent to which the existing stock of jute held by different agencies will be sufficient for manufacture of hessian, etc., and how much new crop the Mills will require for their use. This will be the real demand and the production of jute must always be less than that. Statistics may be taken of the existing stock of Jute Societies with the help of responsible Government servants by examining the books of accounts and the actual stock of jute held. They may also be compelled to make a declaration of stock under the Act.

If there be no voluntary agreement between the different jute growing provinces, and Central legislation is thereby called for, the statutory body to be set up by the Act should have an all-India jurisdiction.

We now come to the question of marketing which is only subordinate in importance to the regulation of supply. In view of the vital character of the prosperity of the jute industry, full authoritarian control is easily postulated. Governments of all European countries have been sufficiently alive to the necessity of State action for the profitable disposal of agricultural produce. In our own country too, during the War, Rangoon rice was sold to foreign countries at a regulated price under the control of the Government of India. The slump in the Tea market has also been removed by the introduction of a sort of quota system under Government influence.

We have already talked about the issue of licenses to cultivators indicating the percentage of land that he will have to cultivate under jute. We have an example of a similar scheme in Naogaon pursued with success on a smaller scale. The Ganja cultivators of Naogaon who were members of the Ganja Cultivators' Co-operative Society cultivate their lands under control of the Society and the Excise Department.

Regarding the actual marketing of jute, the essential thing to note is that a lot of unnecessary middlemen has to be eliminated if the margin of the cultivators' profit has to be increased. The middleman's profit can only be eliminated by a system of joint sale of the commodity and by placing the seller in a solvent position wherefrom he can demand a legitimate price by holding up jute for a better price in future. This solvent position can only be obtained if all the cultivators are organised in a central body for their respective areas

and this central organisation can then demand a legitimate price from buyers of jute by recourse to joint sale and holding up stock if necessary. In other words, we are led to have recourse to the co-operative principle in some form or other as a solution of the difficult problem of marketing.

These co-operative societies formed with actual growers may operate on the district basis so that they may have direct communication with the mill owners through the agency of the Statutory body. If the impact of the total demand falls directly on the actual cultivators thus organised in co-operative societies, the prices paid to producers will be such as are the direct result of the actual demand at the other end of the trade and the cultivators may get the advantage of the margin of profit now appropriated by the middlemen. These co-operative societies which should be under the immediate supervision of the Special Officers envisaged in the scheme may be treated as the buying agents of the mills and will also relieve the mills from the necessity of keeping a number of mofassil agencies and out stations. Co-operative societies as were organised in the past were merely rivals of the jute purchasing firms and the mistake should not be repeated. If necessary, provision may be made in the Act for the purchase of raw jute through the agencies of these co-operative societies and no other body under any pretence or colour. There need not necessarily be any societies in the subdivisions but the interest and activities of the District Societies shall be represented in the subdivisions by the special officer suggested already for each subdivision. If there be any error of calculation in fixing the percentage of restriction resulting in a surplus of supply over total demand, the excess should be held in stock on behalf of the district society in suitable places in the subdivisions. This surplus stock if any of one year should be taken into consideration in fixing the percentage of restriction for the following year. The District Societies should also act as the channel for the conveyance of information on all points to the cultivators regarding the total demand of any year and will thereby afford an ample justification for the actual fixation of the percentage at a definite figure which might otherwise appear to cultivators to be somewhat arbitrary. If experience of the working of the scheme so demands, there may be additional subdivisional societies but I am inclined to think that this will tend to make the whole machinery somewhat intricate and cumbersome. Below the Statutory Body at headquarters, there should be the District Societies with a District Officer (different from the District Agricultural Officer) and special officers in the subdivisions acting on behalf of the District body. Surplus stock should be held in subdivisional godowns on behalf of the District Societies. This is the broad outline of the hierarchy but the actual details will have to be worked out in consultation with experts and additional officers may be posted at different points of the hierarchy in conformity with the necessary implications of the scheme.

The Agricultural Department will have to suggest alternative crops for cultivation on the land released by the restriction of jute acreage. There seems to be a good future for sugarcane as the production of cane is already below the fully capacity and a good deal of sugar is

imported into the province from elsewhere. This, however, presupposes the establishment of more sugar mills and there is an undoubted scope for an increased number of factories in the province. Groundnuts, paddy and wheat are the other alternatives which have been suggested but the wisdom of increasing the acreage under paddy is problematical and can only be supported if the question of cheap rival imports is satisfactorily solved. In any event, some scientific agricultural planning is essential and if successfully carried out will mean not merely the increased profits from restricted acreage of jute but also the additional income from the lands thereby released which should be put to cultivation of successful alternative money crops.

I am conscious of the practical difficulties that are sure to crop up in the administration of the scheme. Many details have also been deliberately left out in order that they may be filled in by experts who may elaborate the application of each part of the scheme. The scheme in general points to the necessity of restriction of acreage under jute and to a method of arriving at the percentage of area that has to be restricted. It provides, secondly, for the selling of the restricted supply on a co-operative basis ensuring the elimination of unnecessary middlemen as much as possible. All this it seeks to realise through legislative enactment which provides for the two-fold regulation of the supply of raw jute and of manufactured goods. The scheme also devises a staff of officers that will be required for its successful administration and proposes to meet the financial difficulties involved with the proceeds of the jute export duty which, it has shown, can be passed on to foreign consumers within reasonable limits. The importance of jute both as raw material and as finished goods on which vitally depends the prosperity of mill owners in Bengal can never be exaggerated. The scheme claims that its essentials have already been sought to be achieved by Government in the shape of voluntary restriction. That it is within the range practical politics and is also administratively practicable is shown by the stupendous experiment made by President Roosevelt in order to raise the price of agricultural produce in the United States. Herein was conceived and executed the same idea of restriction of area and this was attended with not inconsiderable success. Voluntary restriction has already failed, and for the reasons given adequately in the foregoing analysis. The same idea can be better realised at a not disproportionately increased cost through legislative regulation and the scheme has shown how this can be done. Many difficult matters have already been the subject of legislation, viz., the Births and Deaths Registration Act, the Fixation of Sugar Cane Price Act, the Epidemic Disease Act, etc., and there is no reason why such an important subject should not be similarly treated merely because the administration of the scheme will be stupendous. We need not regret if our anticipations are not exactly realised for social matters are so difficult of regulation and results can not be obtained with scientific precision. Any schemes, therefore, which ensures an approximation to the desired results, should be given a liberal trial if only because something has to be done where the prosperity of millions of people hangs in the balance.

Other important matters not directly connected with the enunciation of the scheme have been dealt with in the Appendix.

Page 12 of the memorandum.

We have D equals to $\frac{Y. A. P.}{100}$

Let D be divided into D_1 and D_2 being, respectively, the parts of the total demand apportioned between the two areas where different percentages of restriction, viz., P_1 and P_2 will be necessary in view of the differing quality of the jute produced. Y_1 and Y_2 will be given for each area by the Director of Agriculture and A_1 and A_2 will be supplied for each area by the Statutory Board.

We have therefore—

D equals to D_1 and D_2

$$\text{equals to } \frac{Y_1 A_1 P_1}{100} \text{ plus } \frac{Y_2 A_2 P_2}{100}$$

Both D_1 and D_2 are given, being really parts of D apportioned by the Statutory Board between the two areas of yields Y_1 and Y_2 respectively. The ratio $D_1 : D_2$ will be based, say, on the ratio of the average produce, respectively, of the two areas over a number of years.

$$\text{Hence } P_1 \text{ equals to } \frac{100XD_1}{Y_1 A_1} \text{ and } P_2 \text{ equals to } \frac{100 \times D_2}{Y_2 A_2}$$

Similarly, for N number of subdivisions of the province—

D equals to D_1 plus D_2 plus D_3 plus plus D_n

$$\text{equals to } \frac{Y_1 A_1 P_1}{100} \text{ plus } \frac{Y_2 A_2 P_2}{100} \text{ plus } \frac{Y_3 A_3 P_3}{100} \text{ plus } \frac{Y_n A_n P_n}{100}$$

and $D_1 : D_2 : D_3 : \dots : D_n$ equals to $Y_1 : Y_2 : Y_3 : \dots : Y_n$.

A further note by Subdivisional Officer, Kushtia (Mr. M. M. Basu, I.C.S.)

Supplementary notes.

(Percentage of restriction means the percentage of area one will be allowed to cultivate.)

I have changed my views regarding the desirability of having separate percentages of restriction for areas having regional variations of yield per acre. There is no reason why a region having a lower yield per acre will be allowed to a higher percentage of restriction to compensate for the smaller quantity of produce of its land, thereby allowing it the same benefit as the region having a higher yield per acre but which is allowed a lower percentage of restriction. If this is allowed, it will

mean that, the market price of jute being the same for all the regions, the region which has a higher yield is compelled to restrict more than the region which has a lower yield and this is obviously inequitable.

To bring out this point of justice more clearly, let us assume that there is no scheme of restriction whatever. It follows that, at the common price prevailing at any time for all the regions, the region which has a low yield per acre and of which therefore the total regional quantity of produce is comparatively small gets a total money income which is also proportionately small as against the region which has a high yield and which produces a comparatively high quantity of produce and derives a large total money income. This is only natural and therefore equitable. If we however allow the poor region to restrict less and compel the rich region to restrict more, the former will derive a higher total money income in relation to that of the latter whose income will be comparatively reduced and this would only mean that the poor region benefits at the expense of the richer one. It therefore follows that, price of jute being the same for all regions, the percentage of restriction should also be common to all of them. In other words, the attempt should merely be to improve the level of jute price and not to readjust the inequality of jute incomes between different jute-growing regions. In other words, just as, if without a policy of restriction the price of jute reigns high as it did in the prosperous past, different jute-growing regions will reap unequal money incomes according to the total quantity of jute produced which varies with the yield per unit of area, so our attempt should merely be to raise the present low price of jute to this high level while maintaining these relative conditions practically unaltered.

It will therefore follow that the equations given on page 21 of the memorandum in elaboration of the general formula on page 12 regarding the different percentages of restriction for areas of different yield will no longer be necessary, now that we have argued that the adoption of a common percentage of restriction for all areas is not inequitable and is not adversely affected by the existence of such areas of varying yield.

The general formula will therefore hold good irrespective of such differences in yield, viz. :—

$$D = \frac{Y. A. P.}{100}$$

In correctly interpreting this formula, however, we may still take into consideration the existence of different regions of the above nature. The apportionment of the total demand for jute as ascertained by the Board as between the regions may be made in such a way that the regions producing large quantities of jute get correspondingly large shares of the total demand. This can be worked out in the following way.

Assume that there are three regions with Y_1 , Y_2 and Y_3 as yield per acre, respectively, and that there is no restriction of the quantity

of jute produced. If the areas of those regions are A_1 , A_2 and A_3 , respectively, we have then, under normal conditions the total quantity of jute produced in the whole province—

$$= Y_1 A_1 + Y_2 A_2 + Y_3 A_3$$

and the share contributed by region A_1 is—

$$= \frac{Y_1 A_1}{Y_1 A_1 + Y_2 A_2 + Y_3 A_3} \text{ of the total produce.}$$

If the total demand as ascertained by the Board be D , it is then only proper that the actual fraction of this total demand that should be supplied by region A_1 will be—

$$\frac{Y_1 A_1}{Y_1 A_1 + Y_2 A_2 + Y_3 A_3} D$$

If now a policy of restriction is pursued and if P be the common percentage of restriction and D_1 be the allotment for this particular region—

$$D_1 = \frac{Y_1 A_1 P}{100}$$

But D_1 should be equal to $\frac{Y_1 A_1}{Y_1 A_1 + Y_2 A_2 + Y_3 A_3} D$, see above.

$$\text{therefore } \frac{Y_1 A_1 P}{100} = \frac{Y_1 A_1}{Y_1 A_1 + Y_2 A_2 + Y_3 A_3} D$$

$$\text{Hence } P = \frac{D}{Y_1 A_1 + Y_2 A_2 + Y_3 A_3} \times 100$$

and this percentage of restriction is the same for all the three regions.)

The same result may be arrived at in a simpler way:

Let P = the common percentage of restriction for the whole province which equates the total restricted supply to the actual total demand.

Then the supply for the three regions on the restricted basis will be

$$\frac{Y_1 A_1 P}{100}, \frac{Y_2 A_2 P}{100} \text{ and } \frac{Y_3 A_3 P}{100}, \text{ respectively.}$$

And this restricted supply is, by assumption, equal to the actual total demand of the market,

$$\text{therefore } D = \frac{Y_1 A_1 P}{100} + \frac{Y_2 A_2 P}{100} + \frac{Y_3 A_3 P}{100}$$

$$\text{Hence } P = \frac{D}{Y_1 A_1 + Y_2 A_2 + Y_3 A_3} \times 100 \text{ as before, common to all the regions.}$$

Similarly, for n different regions of varying yields $Y_1, Y_2, Y_3, \dots, Y_n$ respectively,

$$P = \frac{D}{Y_1 A_1 + Y_2 A_2 + Y_3 A_3 + \dots + Y_n A_n} \times 100$$

Both D and $A_1, A_2, A_3, \dots, A_n$ can be ascertained as argued before and $Y_1, Y_2, Y_3, \dots, Y_n$ will be obtained from the Department of Agriculture which can supply different figures of yield for the three or four regions into which the province has been divided according to the productivity of their land.

Hence P , the common percentage of restriction, can also be ascertained.

It will be seen that the above equation is independent of any apportionment of the ascertained total demand as between different regions of varying yield. The equation will show that it is not necessary to make any such apportionment. All that we have to do in obtaining the value of P is to ascertain the magnitude of the three quantities D, Y and A .

Replies to questionnaire on Jute by the Subdivisional Officer, Nator, Rajshahi.

1. (a) (i) Yes.

(ii) Can control supply according to demand and consequently rise in price is expected.

2. (a) To some extent it has been successful.

(b) Yes. Natural cases such as drought and flood restricted growth of jute to a very large extent.

(c) Very little jute is held in stock by growers. Aratdars, Farias and Beparies dispose of their stocks if they get a little higher price over the price paid by them.

(d) and (e) People very seldom observe voluntary restriction. Every cultivator wants to march stealthily over other cultivators and sow Jute in a much more area than they used to do instead of restricted them with a hope of getting more; thinking that other will restrict and price will run high. The scheme can never be successful unless there is legislation.

(f) Zemindars, growers might have co-operated but not other persons interested in the business.

3. (a) It seems that substitutes have affected world demand for jute.

4. Compulsory restriction by legislation according to the lands held by each person.

5. Compulsory restriction can be affected through legislation. Some new employers will be required and their work will be supervised by Circle Officers. Subdivisional Officers and other Executive Officers, Officer of Agricultural Department should remain always in mufussil during the touring season.

(f) (1) There were various difficulties which, I believe, were pointed out by various jute restriction Special Officer.

(2) The legislation of compulsory restriction will be appreciated by cultivators if the basis on which it is to be framed is properly investigated and fair and equitable dealings as regards the lands to be sown in proportion to the lands owned by them are taken into consideration.

(g) The difficulties can be overcome by thorough and detail investigation.

(h) Other provinces must co-operate in making the scheme successful.

(j) There must be restriction on production and quota and hence on area.

6. Nothing.

7. Some substitute crops should be sown.

8. (a) In mufussil through Union Board. In town through Municipalities and returns may be called from merchants.

(b) Government.

12. (a) The jute is sold by the growers at their homes or sometimes they are carried in the nearest market and sell them.

(b) One seer per md. is taken as dhalta, i.e., in excess for loss and damage.

(c) Yes.

(d) Standardization should be enforced.

(f) Yes.

(g) Government through statutory body.

(h) Though Union Boards by Radio. Very little information is supplied to the growers at present.

13. (a) Yes.

(b) A convenient centre consisting of 2 or 3 Unions.

(c) Yes, dealings outside such markets should be prohibited.

(d) Government.

(f) By big merchants.

14 and 15. Corporate organisation under the supervision of Government on co-operative basis should be started.

17. (a) Normal yield per acre $10\frac{1}{2}$ to $13\frac{1}{2}$ mds.

(b) Approximate cost per md. is Rs. 3 to 4-8.

(c) High land

Low land.

	Rs.	Rs. A.
1. Ploughing	7	5 0
2. Weeding	4	2 0
3. Cutting	4	2 8
4. Washing and drying ..	4	2 8
	<hr/> 19	<hr/> 12 0

Rs. 19×2 mds.

9
= Rs. 3 per maund.

Rs. 12×2 mds.

9
= Rs. 4-4 per maund.

18. At least 50 per cent.

19. (a) By increased production and increment of price.

(b) Yes.

20. Rise in price.

21. Minimum price should be fixed.

27. (b) The difference can be reduced by the exclusion of middle-man if possible.

28. (a) The cultivators pledge their crops before harvest to 25 per cent. at 5 seer per md. per month from the time of taking advance till the time of their supply of the crops. They pledge this crop with the Mahajans and merchants.

(b) It affects the cultivator to the extent of crop interest paid by him.

(c) No.

35. The present system of compilation is unsatisfactory inasmuch as it cannot be thoroughly checked by a few officials. There must be paid agencies for this compilation of statistics.

36. There must be cheap paid agencies who will compile the statistics by inspecting each field after the plants are germinated.

37. (a) Direct method is expected to be more effective.

38. (a) The system is most unsatisfactory.

(b) The sampling must be carried on extensively by reliable agencies.

39. If possible an attempt should be made for getting accurate figures.

40. (a) They should be asked to submit returns through legislation.

41. I think it should be published as a whole.

Replies to the questionnaire by the Subdivisional Officer, Feni.

1. (a) (i) Yes.
(ii) Limited production and consequent rise in price.
2. (a) It has succeeded to a considerable extent, but not to the extent necessary to give the growers sufficient remuneration for their labours.
(b) It has directly affected the price to a great extent.
(c) (i) Yes.
(ii), (iii) No opportunity here to answer these questions.
(d) and (e) Policy of voluntary restriction suffers from the appalling ignorance of the rural population about trade conditions outside and the consequent lack of foresight on their part to take long view of things. Legislative compulsion seems to be the only alternative.
(f) Doubtful.
3. (a) to (c) Perhaps not.
(d) No answer.
4. (a) I would advocate compulsory restriction by legislation.
5. (a) Tea, as far as I know.
(b) By agreement as far as I know.
(c) Jute stands on different footing from tea, in that tea-trade is more organised and restricted.
(d) Suitable legislation to be enforced through union boards with supervising officers to control.
(e) Yes.
(f) There will be some financial burden on Government but this ought to be compensated by the corresponding improvement in the financial condition of the cultivators.
2. I don't think cultivators will dislike legislative if they are told that the measure is meant for their good.
(g) By propaganda.
(h) and (i) Other provinces should be requested to co-operate.
(j) By production and quota.
6. No adverse effect, I think.
7. (1) For other crops.
(2) No.
8. (a) No cultivator should be allowed to grow jute without keeping sufficient lands for growing paddy and other foodstuffs necessary for his annual consumption.
(b) Subdivisional authority under a provincial statutory body.
9. World demand in my opinion is likely to expand.

12. (a) The growers sell their output to the Beparies, the middlemen who in their turn sell the same to the branch offices of the various jute purchasing companies.

(b) No purchasing centre lies in this subdivision and therefore these customs, if any, cannot be ascertained.

(c) Yes. Deviation from this standard may be made punishable by law.

(d) As already stated there is no jute purchasing centre here and therefore this question cannot be replied.

13. (a) Under legislation advocated, suitable agencies should be constituted in important jute centres like Narayanganj, Serajganj, Chandpur, etc., to exercise some authority over the existing purchasing agencies, if separate sale agencies on co-operation basis or otherwise is not possible.

14. (a) Co-operative sale and supply societies backed by legislative enactment might be set up.

15. (a) Replied above.

17. (a) I think 12 maunds per acre may be treated as the normal yield.

(b) Rs. 4 per maund.

(c) This includes labour cost.

18. The cultivator should get at least Rs. 5 per maund or 25 per cent. of the cultivation cost as profit.

19. (a) Ought to be. By restriction of production and regulation of marketing.

(b) Perhaps but introduction of scientific methods of cultivation presupposes—education which the cultivators in general lack.

21. Yes, these may be fixed for periods of five years for the present as an experimental measure.

22. Control of jute markets and exports of jute products.

24. A system of Government Guarantee seems to be the only remedy for this.

25. A central Jute Control Board established for the province.

27. (a) The producer gets about Rs. 4 per maund.

(b) Yes.

28. (a) Not very much in this subdivision.

29. (a) No manufacturing concern exists in this subdivision.

37. (b) This promises to be the better method.

39. It does not seem to be possible to get accurate figures by actuals.

40. (a) The stock holders may be requested to do so, but the checking of these returns would be difficult.

41. The present system may be continued.

Replies submitted by the Circle Officer, Sadar, Faridpur, to the Jute Questionnaire issued by the Bengal Jute Enquiry Committee, 1938.

1. (a) (I) The policy of restriction should be followed but not in the present form of voluntary restriction which has proved almost a failure. Some legislative measures must be taken to make it effective.

(II) Less production of crop and better price of jute.

2. (a) I consider that the voluntary restriction scheme has ended in failure. The policy has not affected the price.

(b) It has not directly affected the price. Probably the substitute crops grown in foreign countries have influenced the price.

(c) (I) No.

(II) No.

(III) More than what I can say.

(IV) Probably not.

(d) & (e) The cultivators know it full well that if they disobey the instructions given by the officers they will not be penalised. Illiteracy has kept them blind to their own interest. Unless they come under some society started for this purpose and obey the rules and instructions of such societies there can be no voluntary restriction. (Now as the position stands it can only be effected by some sort of legislation.)

(f) No. They have not co-operated except some members of union boards and village organisers appointed by the officials, even all of these people did not work with a zeal.

3. (a) It cannot be said with certainty that the introduction of alternatives or substitutes has permanently affected the world demand.

(b) (I) To some extent due to the price of jute which is sold at a considerably high price in foreign countries; and the idea of self-sufficiency and fiscal policy of some countries have also led them to introduce the substitute crop.

(II) It is now too early to express any opinion on this.

(c) Experiments are going on to expand it.

(d) In Russia and Poland flax is grown which is treated as a substitute for jute. In Japan and other countries bags are being prepared from paper and rubber. In America they are trying to grow a substitute crop like jute. We cannot say about the price and amount of products of these crops.

4. (b) I advocate compulsory restriction.

5. (a) We can make mention of ganja cultivation in Bengal.

(c) No.

(d) To give effect to the compulsory restriction scheme the services of the union board members and presidents should be fully utilised. Agricultural Officer and demonstrator, officer of the co-operative department, all other available officers should be mobilised and in addition to that a set of officers should be appointed say two for each subdivision for supervision work. If the services of the departmental officers be not available, for about two months from before the actual

sowing season and at least a month and half after the completion of the sowing more officers will be necessary.

(e) Yes, legislation is necessary. Every year Government shall ascertain the world demand of the fibre and in accordance with this demand fix the acreage taking any 15 maunds of yield per acre. Taking the average jute acreage of the last five years of each district Government shall fix the acreage of each district under jute, and according to the proportion of each cultivator's land held by him he shall be allowed to grow jute. The Collector in consultation with the Subdivisional Officers and District Agricultural Officer shall fix the quota of each subdivision and the Subdivisional Officer shall fix the quota of each thana and the Circle Officers in consultation with the union boards shall fix the quota of each union. All cultivators including bargadars should be penalised for the infringement of the law. In case of bargadars their immediate superior landlords should also be made penalised as in many cases it happens that the jotedars compel the bargadars to grow jute on the entire land held under him by such bargadars. In case of any proof of such coercion the jotedars should be sentenced to some sort of punishment. All union boards under the supervision of some jute restriction officer shall prepare a register showing the cultivated area of land under each cultivator and the land apportioned to each for the cultivation of jute. A "Card" system should be introduced by which each *bona fide* cultivator should get a card in Bengali showing the area cultivated by each and area allotted to him for jute cultivation. All cultivators shall be compelled to give true information about his cultivable land both raiyati and barga, any man giving false information should be subjected to some sort of penalty.

No one shall be allowed to put to market a quantity of jute at more than an average 5 maunds per bigha. Faria, aratdars and merchants purchasing jute shall maintain a register showing the quantity of jute purchased from each cultivator. On the back of each cultivator's card he should enter the quantity of jute purchased from him. Any one violating this rule shall be penalised.

All cultivators shall be bound to show the cards to the inspecting officers and the members and presidents of union boards.

(f) (1) Additional clerk shall have to be employed by the union boards even for a temporary period say of 5 months. Special Officer shall have to be engaged and travelling allowance should be borne for these officers and of officers whose services shall have to be requisitioned from other departments.

If the help of the Sanitary, Co-operative, and District Boards' Medical Departments' help is obtained I don't think the cost of administration will be prohibitive.

(2) Will be received with mixed feelings of joy and sorrow.

(g) By propaganda work, and by fixing the price of jute.

(h) More than what we can say.

(i) Probably by joint meetings of the Provincial Governments concerned.

(j) By both as already mentioned.

6. After the amendment of the Bengal Tenancy Act.

7. To paddy.

7. (2) Very likely it will not be necessary.

8. (a) Already mentioned. Village stock can be ascertained through union board agency.

8. (b) By Provincial Government.

9. World demand for jute is likely to be contracted in future as experiments are going on in foreign countries for growing a substitute crop for jute.

10 & 11. Export Market and Calcutta Market can best be dealt with by officers near about Calcutta.

Inland Market.

12. (a) The producing cultivators either sell their jute to farias in their own homes or take it to nearest market and sell to aratdars.

(b) & (c) Rate of deduction vary in different districts. The deduction varies from 1 seer to $2\frac{1}{2}$ seers per maund (of 40 seers). Standard weight of 40 seers to one maund should be enforced in all dealings of jute.

(d) Grading of jute is carried on by the local balers and they divide the jute into three grades 1st class, 2nd class and Rejection. Standardization of grades should be enforced.

(e) Jute with no black bark at the lower end, more than 6 feet long and with white silky glaze should be treated as 1st class. Jute with not more than 6 inches black bark on the fibre and with all other requisite qualification of 1st grade should be treated as 2nd class and jute with more than 6 inches black bark with little or no glaze and less than 6 feet long should be treated as 3rd class.

(f) Yes.

(g) It is better it should be decided by the Government.

(h) A copy of a daily Bengali newspaper or a sort of bulletin with jute prices in it may be sent to each union board which will circulate in the villages with the help of chaukidars and dafadars, or radio may be set up at different important market places with arrangements for broadcasting it daily at market times. At present they have got little means of knowing the price. They are more or less to depend on the aratdars.

13. (a) Establishment of regulated market is very much desirable.

(b) It should operate over three to four unions.

(c) If the sellers get better price certainly they will be attracted by these markets. Probably it will not be necessary to prohibit or limit dealings outside such markets unless coercion is not restored to by zemindars who happen to be the proprietors of some markets.

(d) Subdivisional Officer in a meeting with the presidents and members of union board should select the sites of such markets.

(e) Marketing Committee should be constituted with Circle Officer, or Co-operative Inspector or Sub-Registrar as its president and thana officers or other local available officers and members of Union Boards and Debt Settlement Boards and other influential villagers as its members.

(f) These markets may be financed at the cost of Government or if that be not possible by levying a toll or one anna from the sellers and one anna from the buyers.

14. (a) Producers' corporate marketing organisation is desirable but that requires an elaborate organisation and for doing this at least 6 months' spade work is necessary; even if it is organised, Government should control it. If it is left to the non-official organisation from its inception it will surely fail for more than one reason.

(b) For every 3 or 4 unions in a jute-growing tract there should be a market for the sale of jute under the direct management of a Committee consisting say of 13 members who will be elected by the producers of jute. The Committee will have one Chairman and two Vice-Chairmen. The Vice-Chairman will work in the absence of the Chairman. The Chairman should get some honorarium. The Committee shall have one or two clerks according to requirements who will keep all necessary accounts.

(c) These local markets shall sell the commodities to Calcutta merchants selected by Government at the then prevailing rate. The producers shall be paid half the price at the time of sale and the remaining of the Calcutta price minus the cost of establishment charges (pro-rate) will be paid at a fixed date (say on the next market day). A receipt should be given to the seller showing the rate of price and the actual amount paid to him on two different dates.

(d) Government should advance money to each society sufficient to meet the initial expenditure and later on attempt should be made to make the societies self-sufficient but if in doing so the producers get less than the price prevailing in the other local markets the deficit should be paid by the Government out of the jute duty money received by the Bengal Government.

15. (a) If future market means Calcutta market started under the new scheme it will certainly rule the mufassal market.

(b) Yes, it will be necessary and it should be controlled by Government with the help of the buyers' organisation.

(c) The future markets will be able to control the price and growers will get the maximum price. There is no possibility of jute trade being adversely affected.

17. (a) The normal average yield per acre here at Faridpur is 15 maunds.

(b) The normal cost of production of jute per maund is Rs. 5 including seed, labour and plough charges but excluding the rent of land.

(c) Two ploughs with two labourers can plough a bigha of land a day. Jute field should be ploughed up at least 6 times before sowing seeds and the average cost of each plough with labour is at least annas

12. So the cost of ploughing up the land is Rs. 9. Cost of seed is approximately Re. 1 per bigha. Cost of harrowing is Re. 1. At least six labourers are necessary for weeding a bigha of land each labourer's cost being at annas 11 per day. The cost of weeding is Rs. 4, cutting, lifting and steeping will require 6 labourers at annas 11 each, approximately Rs. 4. Rating 8 labourers at annas 12 per day Rs. 6. Total amounts to Rs. 25. Average yield being 5 maunds per bigha the cost of production of per maund of jute comes to Rs. 5.

18. 50 per cent. margin can be considered to be a fair profit.

19. (a) It can be conveniently done by fixing the minimum price of jute.

(b) Yes, if the lands are properly manured but it entails additional cost which the poor cultivators cannot afford.

20. As more jute than what the manufacturers need is grown by the peasants the competition does affect the price very little.

21. Yes, it is desirable and that from year to year after watching the effect of this on jute export business.

22. By legislation.

23. (a) It slightly affects the price paid to producers.

(b) Yes, it is variable, the jute forecast causes variation of the price to some extent.

24. If the world demand is ascertained from beforehand the price cannot fall below the minimum. I do not advocate any system of Government guarantee as that may entail the Government to a very heavy loss.

25 & 26. Does not arise.

27. (a) The difference of price always vary. It generally varies (from Re. 1-8 to Rs. 2-8).

(b) Certainly it will.

28. (a) To a very limited extent to mahajans and jute dealers.

(b) Not much.

(c) Yes.

29. (a) More than what we can say.

(b) The causes of variation are due to the demands for the finished products.

(c) I do not think the difference of prices can be reduced by reducing the cost of manufacture. Some years back when some mills had issued

dividends at 300 per cent. the price of raw jute did not increase. The increase can only be effected with the help of legislative measures.

30. No.

31. (a) Yes, by restricting the production, the price of manufactured goods can be raised to some extent.

(b) The agreement of the jute mill association of 1936 can be said to be a failure. The clash between the different interest can be said to be the chief factor of failure.

(c) I think to make it effective compulsory restriction by legislation will be necessary.

32. Yes, it will; provided the production of raw jute be restricted by legislation.

33. There is no differential rate for 1st, 2nd and 3rd class jute and as a result thereof the demand for the Rejection variety of jute becomes comparatively less and consequently the price becomes very low for this variety of jute.

(b) The rate is not known to us.

(c) Does not arise.

34. The traders, I mean, the big export merchants more or less are in the know about the world demand for jute. So by looking into the forecast they can know if there will be any shortage of jute in the market if they wait for low price and in accordance with this forecast the price of jute is either increased or decreased by the traders.

(b) The forecast of private farms are obtained through the local agents who in their turn get the information from dalals and beparis.

35 & 36. It is more or less satisfactory but it can be further improved if special staff is engaged for verifying the statistics prepared by the union boards.

37. (a) That is how a most accurate figure can be obtained but it will entail enormous cost which can hardly be justified.

(b) Yes, it is a better method, considering the cost involved in field to field survey method.

38. (a) and (b) It yielded some good results but its defect is that adequate number of officers are not employed to do the checking works.

39. Yes.

40. (a) Yes, there can be no bar to it.

(b) Yes.

(c) Possibly not.

41. The present method seems to be better under the present circumstances.

**Replies by the Assistant Fibre Expert, Bengal, to the Jute Questionnaire
issued by the Jute Enquiry Committee, 1938.**

(a) (i) No.

(i) (ii) X.

(b) Cultivators should be given the option to grow his own crop as no guarantee can be given to the cultivators that he would profit by restriction.

2. (a) Voluntary restriction was slightly successful. This restriction, however, cannot be called strictly voluntary as compulsion or threat was applied in places.

(b) Restriction did not directly affect the price. Perhaps the question of demand and supply was responsible for variation of price.

(d) Cultivators will not voluntarily restrict the area under jute unless he can find a suitable substitute crop. Working of the policy lacked in this.

(e) By finding a suitable substitute.

(f) No.

3. (a) No. Demand of jute has not decreased.

(b) (i) No.

(ii) None.

(iii) Every country wants to be self-supporting.

(iv) No.

(c) So long as the price of jute remains low use of substitutes is not likely to expand.

(d) Recently Java is growing altissima fibre as a substitute of jute. Gunny bags for packing sugar are made out of this. Price perhaps compares favourably with that of jute but the price of jute is not expected to be much affected by this.

11. (c) Standards should be fixed by legislation.

(d) There should be a board of arbitrators to fix the standard. Arbitrators should be selected from various jute companies, members of the public. There should be a nominee from amongst Government Department.

12. (a) The cultivators sell to farias or middlemen.

(b) Allowances have decreased to a considerable extent. This is not of much importance now.

(c) There should be standard weight 40 seers=1 maund. This should be done by legislation. Price should always be quoted on this basis.

(d) Grading is done by the purchaser. A standard should be enforced.

17. (a) 15 to 20 maunds.

(b) Rs. 5 to Rs. 6 per maund.

(c) By calculating from labour necessary to employ.

18. No profit if he uses hired labour only.

19. (a) By producing better yielding varieties.

24. No.

23. (a) No effect.

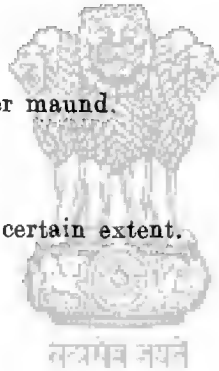
27. (a) About Re. 1 per maund.

(b) Yes.

28. (a) It is done to a certain extent.

(b) No.

(c) Yes.



34. (a) Price of jute fluctuates temporarily.

35. No.

36. Every cultivator should report the area he has under jute to the nearest thana or to the president of the union board. An Inspector would check the figures at random. All the figures can then be compiled.

37. (a) Field to field survey is too cumbersome.

40. (a) It is possible.

(b) If it is considered desirable then there must be legislation.

41. The present system is better.

**Replies submitted by Prof. H. L. Dey, M.A., D.Sc., Econ. (London),
Head of the Department of Economic, University of Dacca, to the
Jute Questionnaire issued by the Bengal Jute Enquiry Committee,
1938.**

Should there be a minimum price for jute?

I

Is it necessary or desirable?

The persistent demand for having a minimum price fixed for jute is based on a certain apparent disparity between the price movements of different articles. It is said that the price of jute depends on and should move with the price of jute manufactures, but that, due to the stronger bargaining position of the manufacturers as against the jute growers, the price of jute has fallen much lower than would be justified by the price of the jute manufactures.

Let us examine how far this is true. If we start from 1929, which was the last pre-depression normal year, when the harvest price of jute was Rs. 9 per maund, we find that the spread between the price of raw jute and manufactured jute began to increase and its maximum was reached in 1934. By that year, while the price of jute had fallen by 59 per cent., that of manufactured jute had fallen only by 37 per cent. During the succeeding three years, however, the relative position began to change in favour of jute. Between 1934 and 1937, the price of raw jute rose by 44 per cent. and of manufactured jute fell by 13 per cent. If we take the entire period 1929-37, the price of raw jute fell by 41 per cent. and that of jute manufactures by 43 per cent. During the first five months of the current year, January-May, the price index in both cases fell exactly 10 points due to the trade recession in the United States of America and to a smaller extent in other parts of the world. This shows that the disparity between the two sets of prices which was in evidence in the earlier phases of the depression has been largely corrected.

Again, during the same period, 1929—May 1938, the price of cereals fell by 43 per cent., pulses by 45 per cent., raw cotton by 55 per cent., raw jute by 52 per cent. and jute fabrics by 53 per cent. This also indicates that cereals, raw cotton, raw jute and jute manufactures have been all almost equally affected by the depression, and that the disparity in price movement, if any, small.

Moreover, if there were a great disparity in the movements of the two sets of prices, we should have expected to see abnormally large profit being earned by the jute mills. But, we find that the mills on an average earned a profit of 11 per cent. in 1935-36 and 6 per cent. in 1936-37.

Let us next turn to the prospects of the near future as suggested by supply and demand. The estimated output of jute for the year 1937-38 as given in the last Government forecast on 16th September 1937, was 86 lakhs of bales as compared to 96 lakhs of the previous year—a decline of 10 lakhs of bales or roughly 10 per cent. On the 30th April 1938, the position was as follows: 92 lakhs of bales had arrived in Calcutta, out of which some 90 lakhs of bales had been sold to the mills or exported. Secondly it is estimated that at the end of April the Indian mills had a stock of 31½ lakhs of bales and mills outside India 20½ lakhs of bales, which roughly amount to six months' requirements. This is the barest minimum which it is customary for the mills to carry. It is further to be noted that

whereas the aggregate stock of raw jute with the mills in India and abroad was 58 lakhs of bales on the same date in 1935-36, and 59 lakhs of bales in 1936-37, the quantity as only 48 lakhs of bales in 1937-38. (*Vide* the Indian Economist, May 16, 1938, p. 181.)

It is, therefore, clear that there is no over-accumulation of jute in the hands of sellers just at the present moment. That is to say, the present jute year will close with a strong position on the supply side. As regards the ensuing season's output, no forecast has yet been made. In the early part of the sowing season, sowings were held up due to absence of rains. But early May saw good showers, which must have stimulated the growth of the plants. On the other hand, recent heavy rains and local floods must have adversely affected the prospects of yield and quality in the low lands. All things taken together, it is probable that the yield will be somewhat below that of last year.

What about the prospects of demand? Both the Indian and foreign mills, as already stated, at present hold a bare minimum of stocks in hand. On the other hand, there has been an abnormally large accumulation of manufactured goods in the Indian mills. The stocks of finished goods, which generally averaged 15-20 million yards towards the end of each year during the period 1932-37, have now run up to 50 million yards, i.e., more than three times the normal. (*Vide* Indian Finance, April 9, 1938, p. 1137.) Consequently, whether or not the price of jute manufactures will go up in the near future will depend on the ability of the mills to reduce their stocks to the normal. If the working-time agreement among the Association and non-Association mills becomes effective, they will restrict production and they will reduce stocks to the normal within a short time. So that the demand for jute on the part of the Indian mills should revive with the advent of the jute season.

But the second factor on which the price of the jute manufactures and therefore also the price of jute will depend will be the prospects of world trade, which will shape themselves largely in response to the conditions in the United States of America and Europe. During the last three or four weeks security prices and commodity prices have moved up in both those regions. And there are good reasons to think that this upward movement will continue: first, because President Roosevelt has recently set into motion a gigantic machinery for trade recovery. And, second, because, due to the rapid rearmament of Great Britain, we can already see some signs of improvement in the political situation in Europe. Consequently, we can entertain legitimate expectations of at least a modest improvement of trade in the next twelve months. That being so, we may also look for some improvement in the demand and price of both jute manufactures and raw jute. In any case, so far as can be ascertained from the movements of prices, stocks and profits, there is no reason to think that the increasing adjustment between the prices of raw and manufactured jute, which has been taking place since 1935, will be disturbed to the disadvantage of raw jute. And, in this view of the matter, my first conclusion is that it is not necessary or desirable to interfere with the forces of demand and supply by fixing a minimum price for jute.

II

Is it practicable?

But, supposing that the Government, for one reason or another, decide to enforce a minimum price for jute, what would be the implications and what are likely to be the practical difficulties? It is

clear that such a minimum price or set of minimum prices, to be of any sense, must be above the market price of jute. Now, in order to raise the price of jute above the price attainable in a freely functioning market, the Government have to restrict supply below the demand. This will have the following implications: (i) The probable aggregate demand for jute at present prices both in and outside the country will have to be ascertained. And, in fact, in a private Bill introduced into the Assembly during the last session, this was actually proposed. This is also what is being done under the Bihar Sugar Factories Control Act of 1938. It would be necessary to estimate this demand some nine months before the actual purchase of jute. It is doubtful whether the Government of Bengal could compel the jute mills and exporters in India and the jute mills in foreign countries to give such an estimate of their requirements nine months in advance and whether the mills and the exporters themselves could give such an estimate without undue risks, because the consumption of jute by the Indian and foreign mills has varied from year to year by about 10 per cent. either way. I know of no instance outside Russia (possibly also Italy and Germany) where the manufacturers have been compelled to give such advance estimate of their requirements, except in the case of the sugar mills in Bihar and the United Provinces, which, however, are under a special obligation to the Government on account of the heavy protection enjoyed by them. (ii) Supposing such an estimate were obtained by the Government, they would have to decide in an arbitrary manner as to the amount of jute that should be grown and to divide the total among different regions. Here, a uniform reduction of each cultivator's acreage by a certain percentage, say, 30 per cent., would be obviously unfair, because all regions and all cultivator's lands are not equally suitable for alternative crops. (iii) The enforcement of the decision on the million scattered and small-scale cultivators would involve (a) the appointment of a vast army of inspectors or and (b) the organisation of co-operative jute societies with sufficient business ability and armed with monopoly powers to buy jute from the primary markets and sell it to the mills and exporters. (iv) In case there is a bumper crop due to favourable weather, the Government will directly or indirectly be responsible for buying up the excess output and withdrawing it from market. (v) If a profitable price is guaranteed, there will be a tendency for the growers to improve the yield by better methods and better manure and here, too, the burden of financing the holding of the excess output will fall on the shoulders of the Government. Supposing that the Government aimed at an output of, say, 100 lakhs of bales and fixed the acreage accordingly, but the yield was better than the normal by 10 per cent., even a minimum price of Rs. 6 a maund would mean that the Government would have to find finance for holding stocks valued at Rs. 2½ crores. It is doubtful whether the banks would be prepared to accommodate the Provincial Government or the cultivators to such an extent for a risky enterprise of this nature. This risk of excess output may, however, be minimised or at any rate shifted on to the cultivators themselves, if the Government enforce on each cultivator a maximum supply quota and not an acreage quota. (vi) The storing of jute in times of low prices or slack demand would require the establishment of a chain of warehouses with adequate financial resources guaranteed by the Government. Moreover, modern warehousing presupposes the establishment of standard weights and measures, gradation and classification, and fixation of prices of different grades.

But warehouses, standard weights and measures, and gradation and classification are yet to come. (vi) Estimating of variable demand and supply, regulation of sales from time to time, and fixing of prices would require business ability of the highest order, which is possessed only by the big mills and merchants, who are not likely to be so exceedingly generous as to help the Government to dig their own graves. And (viii) should the Government fix the price too high, there would not only be the risk of their being burdened with heavy stocks but also the equally great risk of encouraging the growth of substitutes and thereby destroying the demand for jute.

Due to all these difficulties and risks and due to the fact that the Provincial Government are not in a position to undertake the heavy financial risks incidental to such an enterprise, my second conclusion is that the fixing of a minimum price for jute is not a practical proposition at the present time.

And I would reinforce this negative conclusion by referring to the more or less complete and sometimes disastrous failure of the Brazilian coffee control scheme of 1923-35, Canadian wheat pools of 1923-31, the costly and ill-advised cotton control experiment of the United States of America in 1929-36 (Cf. J. W. F. Rowe, Markets and Men, 1936), and lastly, the very doubtful success of minimum price regulation in respect of sugarcane in the United Provinces and Bihar in 1934-38.

But, this negative conclusion with regard to schemes of crop regulation and price-fixing does not mean that there is nothing wrong with the position of the jute grower. In fact, he, like the small-scale farmer the world over, has numerous handicaps: But his real difficulties cannot be dissolved merely by talking of big things like control and planning. In any case, those venturesome schemes cannot succeed under present conditions. As things are, he must be helped to organise himself by those modest and slow and yet effective methods, which have been known to us for long but which we have not so far fairly tried, perhaps because they are not so impressive or exciting or fashionable, or it may be, because they do not raise the alluring and intoxicating vision of the exercise of wide dictatorial powers that can punish or reward the millions or the millionaires by a single stroke of the pen or the sword. In any case, the methods which are likely to be successful under present conditions are: (a) organisation of co-operative sale societies with their warehouses, (b) establishment of standard weights and measures and grades, (c) setting up of regulated markets, (d) scientific researches regarding new commercial uses of jute on the one hand and economies of production both in the field and the factory on the other, (e) introduction of diversified farming, (f) supply of timely and adequate information regarding markets, prices and stocks and instruction in the meaning of this information, and (g) reduction of the burden of accumulated debts and provision of cheap and controlled credit.

If the Government can do these things in a thorough-going manner, then the bargaining position of the jute grower will be nearly on a par with that of the mills and merchants, and he will be able to realize a good price for his crop and become a good citizen and a vital factor in the great and progressive democratic society which we are all eager to see established in this land. (Paper read at the Rotary Club of Dacca on 27th June, 1938.)

**Replies to the questionnaire of the Jute Enquiry Committee by the
Director of Agriculture, Bengal.**

1. (a) (i) No.
(b) There is no other money crop to take the place of jute.
2. (a) Only partially successful in the first year.
(b) Not latterly. The weather has restricted the crop considerably the last two years (1938) either in area or outturn or both and has not only kept prices up but the latter are slowly rising
(c) Latterly it has had no affect on anything.
(d) (a) There is no reliable information of the probable world demand and (b) there is no substitute money crop which can be grown at and for the period jute grows.
(e) The Indian Central Jute Committee is dealing with (d)(a). There is no answer to (b) at present.
(f) No.
3. (a) Cotton to a limited extent and paper have been used instead of jute. The latter in some cases is a permanent substitute.
(b) (iii) The fiscal policy of other countries has been chiefly responsible.
(d) Java is now growing a variety of Hibiscus and is producing, I understand, several thousand tons. Owing to India's fiscal policy she can no longer sell her sugar and so is now making an attempt to manufacture her requirements of sugar bags from this fibre.
4. I consider the only way is to try and obtain such information as to give the cultivator reliable data as to world's probable demands. The Indian Central Jute Committee have begun to get the necessary staff for this.
6. With a compulsory reduction of the area of a money crop, rental value of land is bound to fall.
7. There is practically only aus paddy to put in this area or in some cases medium deep water paddy.
8. (a) Only by obtaining information mentioned in 4(a).
(b) Statutory all-India.
9. Expansion depends on whether other uses can be found and the price of raw jute does not rise too high.
12. (a) The cultivator largely sells through farias and middlemen.
(b) These are not so prevalent with jute as with other agricultural commodities.
(c) Standard weights should be introduced. This necessitates all-India legislation.
(d) Grading is usually done by individual balers and in general conforms to the particular market for which the jute is required.
(e) Standardization would have to be based on the requirements of the particular market.

- (f) No, unless a large trained staff were brought in.
- (g) A statutory body.
- (h) By radio. As far as I can gather the cultivator seems to get fair information through dealers and possibly other sources of future market rates.

13. (a) Yes, I think this is desirable.

(b) It would depend on the position of such markets and what area they would reasonably be expected to cover.

(c) Yes, I think they would but outside dealing would have to be prohibited.

(d) The District Magistrate and his staff and if called on the Senior Marketing Officer and the Senior Marketing Officer of the Jute Committee.

(e) By a cess on each maund bought and sold in the market.

14. No.

15. Co-operative Sale Societies for jute have not been a success in the past but well run society of this nature would be of use particularly if backed by Central Co-operative Banks.

17. (a) 18 maunds.

(b) Rs. 4.

(c) Calculated on the basis of man and bullock, days for labour plus the cost of seed, manures and rent of land.

18. It is only by dint of hard labour and frugality that makes the crop pay him. Unless the market remains high no economic profit accrues. This is practically the only money crop for the Bengal peasant.

19. (a) By organising themselves in securing "economic monopoly" and by adoption of Departmental recommended varieties.

(b) Yes, particularly in the higher lands by careful manuring. Also by using improved varieties.

20. The manufacturers are a fairly organised body and competition among them will bring down the prices of manufactured goods and eventually that of raw jute.

23. (a) It is probable that such a fairly heavy tax restricts out side consumption and so would affect prices paid to cultivators.

(b) Yes, due to fluctuations in supply and demand.

27. (a) About rupee one per maund.

(b) Yes.

28. (a) Yes, to certain extent.

(b) No.

(c) Yes.

29. (a) Average harvest prices of raw jute per maund—

	Rs.	A.
1900-1913	...	5 2
1913-1919	...	6 14
1920-1929	...	9 6
1930-1936 (Feb.)	...	3 15
From 1936 March	...	5 5

(c) Yes, by rationalisation of the industry. Though there has been a remarkable expansion of the mill industry in Bengal ever since its inception a distinct lack of variety in the manufacturers has all along remained a striking feature of its growth as rightly observed by the Bengal Jute Enquiry Committee. It has sunk huge capital and increased the number of looms out of all proportion to the actual requirements.

30. The manufacturing interests successfully averted loss by restricting production but indirectly arrested a further depressing effect in the price of raw fibre. But the cultivators failing to initiate organised action the main burden of loss as a result of general depression, over-production and accumulation of stock fell to the lot of the growers.

31. (a) Yes, to a small extent.

(b) Restriction agreement averted loss and it is expected that the recent Jute Ordinance will put the industry on a firmer basis.

(c) Does not now arise.

34. (a) For some years there have been complaints that instead of being helpful to the trade, the official forecast often misleads the market causing fluctuations owing to wide discrepancy with the trade estimates of the crop. But it is the only unbiased estimate and as such it has its use for the traders in general.

(b) By sending out estimators.

35. No.

36. After the schedules are filled in a certain percentage say 5 per cent. of plots in every union, should be carefully re-examined at random and checked by the Circle Officer and Jute Committee staff before they are returned back to the Subdivisional Officers. Besides crop cutting experiments should be done in every union and the estimate of total yield for every union should be obtained by the Subdivisional Officers for final forecast. Estimate for every union should be checked by the union board members and the Circle Officer concerned.

37. (a) No.

(b) Random method should be resorted to as soon as reliable technique is worked out.

38. (a) Not yet.

(b) It is still under investigation.

39. No, it is not possible as no one knows what the carry over was.

40. (a) It is desirable.

(b) Yes.

(c) Yes.

41. District by district over a number of days as at present.

Replies to the questionnaire sent by Registrar's No. 17606-13, dated the 26th September 1938, by Assistant Registrar, Dacca.

Regulation of production.

1. (a) (i) Yes.
 (ii) To realise maximum price with minimum production which will also mean less cultivation expenses. The surplus land will be available for raising other crops which will go to augment the income of the cultivation.
 (b) Does not arise.
2. (a) The voluntary restriction has admittedly been successful to an extent though not to the extent desired. The restriction was more marked in the first year but with the rise in price it became difficult to maintain the standard.
 (b) The rise in the jute market since 1935 is mainly due to restriction of jute crops.
 (c) (i) On the whole there seems to have been a general fall in the surplus stock of raw jute held in mufassal by growers, aratdars, farias and beparis.
 (c) (ii), (iii), (iv) Not within knowledge.
 (d) The policy of voluntary restriction has the defect in the fact that it is not always scrupulously abided by the growers and the more intelligent of them want to benefit themselves at the expense of the other by undertaking proportionately more cultivation of the jute crops.
 (e) The defects may be remedied effectively by suitable legislation.
 (f) The interests of the growers and the buyers are conflicting and naturally no co-operation can be expected between them in the ordinary course of things. The zemindars have not unoften the tendency to encourage the extensive cultivation of the jute crop as they believe that they would in that case be able to make better collection, there being no other cash crop.
3. Not within our information.
4. Compulsory restriction is advocated for the reasons stated under 2(d).
5. (a) Tea.
 (b) By agreement.
 (c) The case of tea is not exactly parallel to jute. No substitute for tea has so far been manufactured or produced except that it has to compete with like beverages, as coffee, cocoa, etc.
 (d) and (e) Compulsory restriction is to be effected by legislation. There should be a special staff like the staff of the Excise Department to check any violation of the same.
 (f) (i) The financial and the administrative difficulties may be minimised by utilising the union board machinery. Special tax may be imposed on the growers and they will not perhaps grudge if they get better price in return.
 (ii) The legislation is not likely to be received by the cultivators with enthusiasm all at once, but its benefits will gradually win them over to its side.

(g) *Vide* (f) (1).

(h) It is essential that all the jute-growing provinces should co-operate in compulsory restriction in order to achieve the object in view.

(i) This should be effected by an all-India legislation.

(j) Restriction by area should be adopted to avoid complications.

6. As the cultivators are not likely to confine to the same piece of land every year, the effect on rent or rental value of land will perhaps not be prominent so as to cause any complications.

7. (1) The released lands may be utilised for growing foodstuff and suitable special crops. At present the jute-growing districts import foodstuff from other districts because their own production being limited to the extensive cultivation of jute.

(2) It will not be necessary to subsidise alternative crops as the cultivators are always keen on utilising their entire lands for agricultural purposes.

8. (a) The area for cultivation of jute should generally be determined on the basis of the market of the commodity in the previous year and taking also into account the prevailing circumstances if any affecting.

There should be provision in the law making it compulsory for a concern to submit a return of the existing stock.

(b) Government.

9. As substitutes are in evidence for certain uses of jute, the demand of jute may perhaps contract gradually unless some other uses of the same are found. It is understood that some foreign countries are experimenting the use of jute in building metalled roads. If this is successful there will be an appreciable increase in its demands.

Marketing of jute.

Export Market.

10. The informations are not within our knowledge and therefore we are not competent to answer this question.

Calcutta Market.

11. Not within our scope.

12. (a) The producing cultivator generally sells his produce to parias who visit villages and collect supplies. The farias in turn sell his collection to beparis and sometimes to aratdars direct. The beparis transact with the aratdars.

(b) The buyers exact an extra quantity from the growers for each maund of jute sold as an allowance for shortage due to loss in weight that may occur due to the commodity being wet and for such other purposes. There is no standard weight used in weighing the commodity and this leaves a great loophole for the dishonest purchaser.

(c) Government standard weights should be enforced by legislation.

(d), (e), (f) and (g) Not within our scope.

(h) The Calcutta market prices should be published every week at the union board office, the thana, the sub-registry office, etc. At present the producers have practically no means of knowing what such prices are and what movements occur and if any of them care to know they have to depend upon the buyers whose interests are antagonistic to his.

Regulated Market.

13. This question may be more satisfactorily answered by the Marketing Department.

Corporate Organisation.

14. As in question 13.

Co-operative Societies.

15. (a) The Co-operative Sale Societies could improve the present existing system of marketing by eliminating the middlemen.

(b) The societies should serve as agencies for disposal of the stock of the producers.

(c) These societies may be financed by approved banks hypothecation of stocks.

(d) The growers are likely to welcome such co-operative societies if they are paid the market price in the first instance, a fair margin being, however, deducted to meet unforeseen loss, if any.

Future Market.

16. Not known.

Improvement of price and fixation of minimum price.

17. Not known.

18. Rupees 5 per maund exclusive of cultivation expenses may be considered to be a fair profit to the cultivator.

19. (a) The margin of profit may be increased by restriction of crop, by improved outturn and by the elimination of middlemen.

(b) This may be possible.

20. Not known.

21. The fixation of a minimum price for jute is desirable from the view point of the producers but it may sometimes prove unfair to the consumers unless the outturn is regulated to suit the minimum price. A minimum price should be fixed every year anew having regard to the probable outturn and the probable demand.

22. The object of the minimum price will be frustrated if the stockists have sufficient surplus stock in hand and refuse to make further purchase. This will cause hardship to the grower.

23. The jute export tax has perhaps somewhat depressing effect upon the jute market.

24 to 27. * * * *

28. The pledging of crops before harvest by the cultivator is now rather rare.

Relationship between prices of raw jute and jute products.

29 to 32. Not known.

Freights and insurance.

33. * * * *

Jute forecast and statistics of stocks in hand.

34 to 41. * * * *

Answers to questionnaire regarding the problems of jute affecting this province by Khan Sahib Maulvi Anwar Hossein, Assistant Registrar of Co-operative Societies, Rajshahi-Malda Division, Naogaon.

1. (a) (i) Yes, a policy of restriction should be followed.
(ii) By regulation the cultivators will be able to get better price for jute and additional income by raising other crops on the lands released.

(b) No reply necessary.

2. (a) No tangible success.

(b) Price not affected by that policy. On account of natural calamities, the outturn was, however, below the normal which slightly affected the price.

(c) No experience about stock.

(d) Firstly some mischief-mongers preach in favour of the policy without following it themselves. Secondly, the cultivators in many cases think that whatever suggestion comes from the Government comes with some ulterior motive of future taxation, etc. Thirdly, some lands are suitable exclusively for jute and the cultivators cannot avoid sowing jute there. Lastly, due to the lack of imagination of the cultivators and their conservative idea they do not believe in the salutary effect of the control of production.

(e) As pointed out above no propaganda will be of any avail and the voluntary restriction policy will never be successful as long as the mentality of the cultivators is not changed. It can only be made successful by legislation.

(f) Not at all, so far as I know.

3. No personal knowledge.

4. (b) I advocate compulsory restriction.

5. (a) The compulsory restriction has been successfully applied to ganja in India.

(b) By legislation.

(c) No.

(d) There are existing departments who have got their staff in the rural areas closely in touch with the rural people through whom, I suggest, compulsory restriction may be effected by introduction of the system of issue of licence to cultivators. No new administrative machinery will be necessary if this work is thrown upon the Co-operative and Agriculture Departments.

(e) Yes, it is quite possible.

A Provincial Statutory Board be appointed by Government for a province and such Board be composed of selected officials including the Director of Co-operative Societies, the Director of Agriculture, the Director of Industries and the Development Commissioner as also of representatives of Mill-owners, European Association, Chambers of Commerce and non-officials. Under them there should be District Boards composed of District Officers, Assistant Registrar of Co-operative Societies, Subdivisional Officers, the District Agricultural Officer, non-official M.L.A.'s and the representative of jute-growers. These bodies will be authorised to hear appeals from the decision of the subordinate boards directly dealing with the questions of granting of licences, controlling of jute area and other matters concerning jute cultivation.

Under these District Boards there should be a subordinate board for each unit area under jute cultivation to be specified for the purpose. These Boards will consist of the local officers of the Co-operative Department, Circle Officers and representatives of non-officials with the Licensing Officer as the President and will directly deal with the question of granting of licences, controlling of jute area and other matters concerning jute cultivation according to the general direction of the Provincial Board regarding control of production as well as of marketing and price. Notification of preliminary and final forecast would be issued by the Provincial Board on the information to be supplied by these subordinate boards. The District Boards will only exercise such power as may be delegated by the Provincial Board on certain matters and will hear the appeals against the actions of the subordinate boards or the officers under them.

If the above suggestion is not preferred, I would suggest that under the Government there should be a Committee of selected officials under the directions of whom the District Officers or his subordinates will individually tackle the situation (without any board). Under them the Circle Officers, Inspectors of Co-operative Societies, District Agricultural Officers and Circle Auditors of Co-operative Societies will be the licensing Officers in the jurisdiction to be divided amongst them for the purpose all through the jute area in Bengal. These officers will go to the villages in order to issue licence to the cultivators who will sow jute after scrutiny and verification is made by these officers. These officers will take the preliminary and final forecast through their subordinate staff and shall be responsible for supplying all other informations regarding outturn of produce, market prices, etc., to the aforesaid Committee through proper channel. The order for restriction, control over production and marketing of jute, etc., will be

carried by these officers. No doubt this will increase the volume of their work but the Government may consider about some extra allowance for them or for the deputation of extra officers under them, if necessary. In any case this proposal will be less costly than setting up of a separate administrative machinery and will avoid duplication of works through different persons.

(f) (1) I do not think any financial difficulties will arise as the advance of loan for cultivation and marketing of produce, etc., will be done through the co-operative organisations, neither will any administrative nor other difficulties arise if the above suggestion regarding administrative machinery is accepted.

(2) In the first instance it may strike terror into the minds of the cultivators but after a year's work when they will find that they are getting good outturn by control and getting good price and facility in marketing their jute, they will certainly appreciate it and be grateful for the organisation.

(g) By publicity and propaganda.

(h) Yes, Bihar and Assam should co-operate otherwise it will be a failure.

(i) By similar legislation.

(j) I advocate restriction both by area and production and quota.

6. Yes, the effect will be the increase of rent but that has partially been overcome by the recent amendment of the Bengal Tenancy Act.

7. (1) According to the suitability of the soil substitute crops may be grown.

(2) I do not think it will be necessary to subsidize alternative crops.

8. (a) It will be decided by the authorities who will be empowered by the Act.

Method of cultivation, existing stock, probable demand and average yield expected on reference to previous year's statistics should be the basis.

By the help of Government statistics.

(b) By a statutory body or the Committee under the Provincial Government and also by the Government of India where a Central Board will be constituted.

9. As no substitute for jute can easily be found out, the world demand for it is not likely to contract in view of the increasing industrial activities of different countries in most of which economic self-sufficiency is impossible. It may rather expand in special circumstances.

10. (a) Not known to me.

(b) Yes. The Jute Mills Association. Yes, it varies from year to year and even during season also.

(c) Not known to me.

(d) Yes, it is necessary to fix a standard by legislation which should be done by the Provincial Committee in which the Jute Mills Association will be represented. They will grant certificates after inspection through recognised officers and their decision will be conclusive and final.

(e) Yes. The Finlow Committee's Report may be adopted.

11. (a) Yes, save and except Future Market.

The jute balers purchase jute through dalals, beparis and farias either on estimation or in assortment when the jute is brought to the godowns of the balers. They make kutcha bales and forward them to the mills where they sometimes make forward sales and sometimes ready sale in the market. The mills purchase from the various balers and make pucca bales for export to the various agencies in the foreign lands.

(b) Yes.

(c) Yes—no objection can be raised if standard be fixed.

(d) Classification of grades as now prevalent under the supervision of the officers of the Provincial Board or the Provincial Committee.

12. (a) Sometimes cultivators sell their jute in their home to beparis who purchase it on estimation; sometimes they jointly with other cultivators or individually carry the jute to the market where farias, aratdars and dalals purchase it and sometimes they carry it direct to the balers where they sell either on estimation or on assortment.

(b) Dhalta and pull-over. The cultivators agree to such deductions sometimes reluctantly. Such deductions are also made on account of allowances for the officers of the mufassal agencies "parobi", etc. If the jute is sold to beparis and farias they generally take pull-over.

(c) Yes—it should be beneficial to the cultivators if Government weight of 40 sickka only is enforced. It should be through legislation.

(d) It is now graded according to quality under 1st, 2nd, 3rd, 4th, RJs TRs, BTRs. In Bengal 1 and 2 are rarely found by the companies.

It is essentially necessary that standardization of grades be enforced.

(e) To fix it according to length, colour, fibre and softness.

(f) It will be difficult to do so in the mufassil for want of proper assorting shed. Purchase on estimation if carefully done, will serve the purpose in case co-operative organisations are established and the

(c) Certainly—this will be attractive to both buyers and sellers and it will be necessary to prohibit dealings outside such markets altogether.

(d) The Provincial Board or Committee on the recommendation of the local officers and local co-operative organisations.

(e) It should be composed of the District Magistrate, Subdivisional Officers, proprietors and the Assistant Registrar in charge of the Committee.

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(g) Statutory Body (Provincial Board or Committee).

(h) Through the Licensing Officers, Union Boards, Radio, Bulletins, etc. At present there is none.

13. (a) Yes.

(b) Over a Union Board's jurisdiction.

(c) Certainly—this will be attractive to both buyers and sellers and it will be necessary to prohibit dealings outside such markets altogether.

(d) The Provincial Board or Committee on the recommendation of the local officers and local co-operative organisations.

(e) It should be composed of the District Magistrate, Subdivisional Officers, proprietors and the Assistant Registrar in charge of the co-operative organisations.

(f) Such markets should be financed by the proprietors who will receive the rent or by the Government from the Jute Duty Fund and revenue will be payable to Government.

14. I am not in favour of any other type of corporate marketing organisation.

15. (a) Yes, certainly. The co-operative organisation will be able to improve the existing system of marketing if properly organised and controlled.

(b) All the villagers will combine themselves by organisation of co-operative sale societies where there will be a committee and a godown of their own—the authorities will arrange for collection of jute or the members carrying it to their godown. The cultivators will receive nominal price on estimation then and there. Then authorities will make arrangement either to carry the jute to the market or direct to the balers' godown or will invite balers' agents to make the purchase at society's godown on estimation or after taking delivery on assortment in their (balers') godown as may be convenient.

(c) (i) The sale and supply society, if organised, will receive crop loan through the Central Banks or direct from the Bengal Provincial Co-operative Bank, Ltd., on short-term basis.

(ii) They may get money on hypothecation of jute in godown from the Bengal Provincial Co-operative Bank, Ltd., or Reserve Bank or Imperial Bank—with this money they can finance the members both at the time of sowing and carrying raw jute to the godown.

(d) Certainly. They will welcome co-operative sale societies if properly organised especially when they will be given this understanding that they will derive further benefit after sale by way of bonus when they will find themselves relieved once for all from the oppression of the beparis and farias.

16. I do never advocate forward sale or any other speculation in jute trade. There should be a legislation to do away with the system at least up to the transport of jute to the balers' possession.

17. (a) 15 maunds on average per acre.

(b) Rs. 3-9 per maund (approximately).

(c) By calculation of price of seeds, manure and labour charges.

18. If minimum price be fixed at Rs. 10 per maund then a fair margin to the cultivators is expected.

19. (a) By elimination of middleman and by fixing minimum price.

(b) Yes, certainly.

20. Fluctuation.

21. Yes, for a period of five years on experimental basis.

22. Besides legislation fixing minimum limit for the price of jute there should be a net-work of sale and supply societies with a strong financial backing so that the entire production may be monopolised.

23. (a) Indirectly it has some effect on the price but directly I do not find any.

(b) Not known to me.

24. Till the producers can make a net-work of sale societies in order to have a monopoly of their own business Government guarantee would be necessary and should be, if necessary, met from the Jute Duty Fund of the Government of India.

25. As stated above.

26. It is a matter of calculation but State-aid will be necessary.

27. (a) Difference is very great. If the jute is sold to beparis he makes a profit of at least a rupee per maund and the balers again sell it at a margin of Rs. 2 per maund.

(b) These two kinds of middlemen's profit can be given to the cultivators by organisation of co-operative sale societies and co-operative baling societies.

28. (a) An advance of say, Rs. 5 per bigha is received from the beparis, dalals or balers on condition of pledging of the crop of a bigha of land (which is about 5 maunds).

(b), (c) They are bound to receive lower price because the advances are made to them without interest.

Not known to me—no experience.

33. (a) Freight charges should be regulated.

(b) The present system of marine and fire insurance charges are not reasonable and proportionate—this should be reduced to the minimum.

(c) Yes; Government of India can do it by legislation.

34. (a) It entirely depends upon the forecast in the matter of fixing up prices as the expected supply is ascertained from it.

(b) In addition to Government notification they get them from their own agencies.

35. No.

36. These forecasts should be obtained through some responsible officers of Government who are in close touch with the cultivators and always work in villages. At present these forecasts are made by the union boards consisting of honorary workers only.

37. (a) As I recommend issue of licence it will be possible to have the accurate forecast through direct method.

38. No knowledge.

39. Yes, in the way I have suggested.

40. (a) Certainly, otherwise the Board or the Committee will not be able to gauge the demand and regulate production.

(b) Yes.

(c) Certainly. It should be obtained through the Government of India.

41. Yes, the present method is to be continued.

Replies to questionnaire by the Deputy Chairman, Bogra Co-operative Central Bank, Limited.

1. (a) Yes.
- (b) It will increase the price of the jute so the jute-growers will gain. Economic condition of the country will improve.
2. (a) We do not think that it has been successful.
- (b) No. Yes—For normal cause affected the price.
- (c) No. There is no stock with the cultivators.
- (ii) We do not know whether any stock with the balers.
- (iii) Not known.
- (iv) Ditto.
- (d) Jute restriction officers generally consult the president of the union boards and take figures without verifying their statement for consulting the jute-growers. Consequently imaginary figures are supplied and supply increases.
- (e) More strict officers with stronger supervision are necessary to remedy the defects.
- (f) No.
3. (a) We are not aware of it.
4. (a) No.
- (b) Compulsory restriction.
5. (a) In Bengal ganja has been fully successful by compulsory restriction in cultivation and in tea cultivation partial restriction has been successful.
- (b) By legislation.
- (c) No.
- (d) Yes.
- (e) Yes. Strong supervision by the jute restriction officer is necessary and cultivator should be allowed to cultivate jute only to a limited portion of his land.
- (2) The cultivators may disagree at the outset but will appreciate later on.
- (g) By proper propaganda.
- (h) Yes.
- (i) By propaganda and in co-operation with other jute-growing provinces—otherwise not.
- (j) By area.
6. No probability of the revenue being affected.
7. The crops will be according to the condition of the land.
- (2) Yes, according to the condition of the land.
8. (a) On the basis of—
- (1) Stock of jute for the year.
- (2) Demand of jute for the year.

- (3) Lands on which jute or substitutes can be grown. Jute-growing lands and the lands producing other things should be classified.

(b) Provincial Government.

9. Demand for jute is likely to contract in future owing to the—

- (1) substitutes for jute being produced in other countries;
- (2) owing to the innate tendencies of other countries to grow raw materials for their own countries.

12. (a) The producing cultivators generally sell their jute to the farias and paikars.

(b) There is no general standard of weight prevailing in this part of the country. Every seer varies from 60 to 90 tolas at different places which is detrimental to the producers. The measuring weight is suspended with a thick rope weighing about a seer and a half, the weight of which is not deducted from the entire quantity of jute and thus by each measurement in the scale which may be 100 or 1,000 per day, the cultivators loose to that extent of a huge amount. {

(c) It is our considered opinion that one seer should be 80 tolas and maund should be 40 seers and this should be enforced in all dealings of jute. It should be enforced by legislation.

(d) By local exports having technical knowledge of raw jute. No standardization by legislature will not be beneficial.

(f) An honest trained officer of the Government having special knowledge in jute.

(h) Information as to Calcutta market prices should be conveyed to producer through union boards in simple Vernacular language. The cultivators are quite ignorant of the prices and movements whatsoever regarding jute at present.

13. (a) Minimum price should be fixed by legislation. Both buyers and sellers should be penalised if the purchaser or seller violate the standard fixed.

(b) Over the whole jute-producing area. The market will consist of three or more unions conveniently.

(c) Yes,

(d) The Government.

(e) The marketing committee should be constituted by the voters' unions. ...

(f) By Government.

14. (a) It is desirable that corporate marketing of jute should be organised under Government control.

(b) The old Co-operative Jute Sale Societies should be re-established under Government control.

(d) By selling debentures on the Government's responsibility.

15. (a) Yes, it is possible under Government control.

(b) A direct relationship should be established between the producers and the cultivators.

- (c) On raising debentures on Government's security.
 (d) Yes.
- (3) Improvement of price and (4) fixation of minimum price.
17. (a) Ten maunds per acre at Bogra.
 (b) Rs. 3-7 per maund.
 (c) Cost of cultivation, price of seed manure, and cost of cutting and washing, weeding, drying and dressing.
18. There is no fair profit to the cultivators.
19. (a) By effecting better production, better marketing and by fixing minimum price by legislation.
 (b) Introduction of scientific method is not possible owing to sub-plotting of lands being prevailing in Bengal and unless consolidation of holdings be made.
20. There is no competition among the manufacturers for they have made a monopoly of jute trade and the producers are becoming losers.
21. Minimum price should be fixed at least for ten years, yielding a fair profit to the cultivators.
22. By the restriction of the production of jute and with co-operation with the jute-growing provinces.
23. (a) Jute producers get less price.
- 24, 25, 26. State interference is necessary if such event occurs. The surplus produce might be purchased by Government and disposed of as required.
27. The cultivators generally get Rs. 4 per maund on average.
 (b) Yes, the difference can be reduced by exclusion of some of the middlemen.
28. (a) The Marwaris and local dealers in jute advance money to cultivators on getting their crops pledged at a fixed rate which is less than the market price.
 (b) Yes.
 (c) Yes, to those who take advances.
29. (a) The prices of raw jute products per maund were as follows:—
- | | |
|---------|------------------------|
| 1900-13 | from Rs. 7 to 10. |
| 1913-19 | from Rs. 7 to 25. |
| 1920-29 | from Rs. 7 to 12. |
| 1930-36 | from Rs. 4 on average. |
| 1936-38 | from Rs. 5 on average. |
- (b) The cause of the increase was European trade and the cause of the decrease is due to diminution of export of jute to foreign countries and partly due to the monopoly of the trade.
31. (a) No.
32. Compulsory restriction on manufactured goods by legislation is bound to lower the price of the raw jute. Rateable distribution of the profits should be paid to the cultivators on bonus system.

34. (a) The present system of forecast appears to be of no use to the cultivators. It would have been of much use to the cultivators had the forecast intimated the cultivators actual amount of jute in store and the probable demand of the jute for the next year.

35. No.

36. As stated in question No. 34.

37. (a) Reasonable accurate forecast by field to field survey may be obtained by honest experts appointed by Government and that might ensure the profit of the cultivators.

(b) No.

The cost might be met from the provincial jute revenue as well as from the profits of jute mill companies and this would be justified.

39. Yes, to some extent.

40. (a) Yes, by legislation.

(b) Yes.

41. The forecast should be published district by district through the union boards in the months of Poush and Magh each Bengali year.

Reply submitted by Deputy Chairman, Pabna Central Co-operative Bank.

1. (a)(i) Yes, policy of some sort of restriction of production should be followed.

(ii) If by restriction of production an equilibrium of demand and supply be maintained then there will be a tendency of rise in price.

2. (a) The policy of voluntary restriction has not the desired effect.

(b) The policy of voluntary restriction has not directly affected the price.

Yes, the control of market by the consumers influenced the price. Under the present system the cultivators do not derive any benefit.

By the consumers' manipulation everything goes to the middlemen and the mill-owners.

(c) (i) The policy of voluntary restriction might have to some extent reduced the surplus stock in the hand of aratdars, and farias and beparies.

2. (ii) Also in the hands of pucca balers (might also be due to the continued low market).

(iii) But I don't think that the policy of voluntary restriction has reduced surplus stock of raw jute in the hands of the mill-owners in India and abroad.

(iv) Neither it has reduced the stock of goods in the hands of the mill-owners.

2. (d) The policy of voluntary restriction without any organisation for control of production and marketing of raw jute cannot have any effective result. With the increase in price there will be a natural tendency of over-production.

(e) An organisation of jute-growers on co-operative basis and the marketing of jute through that organisation may have the desired result.

(f) I don't think that the buyers, baler, mills, growers, zamindars and other middlemen have co-operated fully in giving effect to the scheme.

3. (a) Introduction of alternative or substitutes have affected the demand for jute to some extent, but not permanently. The demand always fluctuates owing to some unforeseen causes. The demand of jute rises with the increase in the volume of export and import and a sudden demand caused by war.

(b) Alternatives or substitutes have been partly due to high price of jute prior to year 1930.

(ii) Not for any advantage over jute.

(iii) Partly due to the fiscal policy of other countries.

3. (c) There may be a tendency of expansion of the use of substitutes but I don't think that the substitutes can take the place of jute absolutely.

(d)

4. (a) Yes, I advocate the continuation of an improved system.

(b) I do not advocate any compulsory restriction by legislation.

5. (g) I advocate restriction by quota and not by area of production.

(i) My suggestion is given in the marketing scheme below, i.e., by co-operative marketing organisation.

6. Does not arise according to my suggestion of co-operative marketing.

7. (1) Does not arise according to my suggested scheme. The lands released from jute cultivation will be used for cultivation of sugarcane, groundnuts or any other substitute crop suitable for the lands.

(2) It may be necessary to subsidize for the alternative crops but not in all cases.

8. Does not arise according to my suggestion.

9. With the expansion of export and import there may be rise in the demand for jute.

13. Scheme.

13, 14, 15. The production and marketing jute on co-operative basis.

(1) Primary co-operative societies should be formed of jute-growers.

(2) The area of each such society may be the area of an union board or some such unit made for that purpose.

(3) In each subdivision there should be a union of such co-operative societies. The union will control the societies under the guidance of the central body.

(4) There should be an apex central jute committee or society formed of all the unions and also of some men experienced in jute export business.

5. (a) The duties of such committee would be to make an estimate of the demand of jute for the next year.

(i) to allot for each subdivision the amount of jute to be produced (taking into consideration the quality of lands and the amount of jute produced hitherto).

(ii) To supply improved seeds to the jute-growers on credit and afterwards to deduct the price from the jute purchased by the unions.

(iv) To erect one or more godowns as circumstance demand in each union for stocking jute produced by the members of the primary societies.

(v) To classify and mark them and then stock them in those godowns.

(vi) To pay the jute-growers some cash money on delivery of jute (that should be the minimum price for which jute can be purchased).

(vii) The union should take delivery of jute from members up to the allotted quota of each society and stock them.

(viii) To sell them at an advantage according to the direction of the Central Board and after the sale of jute to distribute to the cultivators as additional price or bonus out of the surplus sale proceeds, after deducting the cost of establishment, the godown charges and the interest on the money advanced and for the purpose of creating a sinking fund a small sum set apart for meeting any loss for any unforeseen circumstances.

(ix) The money required for the purpose may be raised by issue of debentures.

The taking of delivery of jute from the growers according to quota will control the future cultivation of jute and will have the effect of voluntary restriction without legislation.

Some sort of legislative measures may be required for the protection of the societies compelling every jute-grower to become a member of some society. It may be solved in the following way:—Only the members of this society who will be given licence with the quota allotted, should be allowed to grow jute.

16. Future markets. Fatka should be stopped altogether by legislation.

Improvement of price and fixation of minimum price.

17. (a) Normal quota per acre 15 maunds.

(b) Minimum cost of production per maund of jute Rs. 3 (excluding the cost of maintenance of the cultivator and his family for 4 months).

(c) Taking 15 maunds to be normal quota per acre:—

				Rs.
Rent	...	...	...	4
Ploughing	...	...	...	9 18 Plough.
Seeds	...	...	...	2
Weeding	...	...	...	10
Harvesting	...	...	...	7
Washing	...	...	...	7
Manure	...	...	...	2
Boat and cartage	...	...	...	3
				<hr/> 44 <hr/>

18. Fair profit. There cannot be any profit to the cultivators if jute is sold at less than Rs. 7 per maund.

19. (a) By marketing organisation on co-operative basis.

(b) May be.

21. I consider it advisable to fix minimum price temporarily, say for 5 years.

23 and 24. The minimum price should not be so high as to affect the world demand of jute, a high fixed price might permanently affect the jute cultivation.

34. Government forecast has no influence on cultivators.

35. No.

40. (a) Yes.

(b) Yes.

(c) Not impossible.

41. If any forecast is to be published it should be published district by district.

**Replies submitted by the Muktears' Bar Association, Dacca, to the
jute questionnaire of the Jute Enquiry Committee.**

1. (a) (i) Yes.

(ii) For some years now the price of raw jute has been too low to be remunerative to the cultivator. The price can be raised by (a) increasing the demand for jute, and for (b) by reducing its supply. Control of output is intended to effect an increase in the price of raw jute.

2. (a) Voluntary restriction has been partially successful in the sense that the acreage under jute was to some extent reduced.

(b) There has been no rise in price. This appears to be due to the following reasons: (i) the reduction of output was not appreciable: (ii) the existence of large surplus stock in the possession of the mills in India which has enabled them to demoralise the market, especially in view of the fact that the buyers are rich and well-organised while the producers are poor, ignorant, scattered and absolutely unorganised.

(c) (i) Yes.

(d) Yes, main defects are—

(i) The policy has been half-hearted. Uncertainty about the extent of restriction aimed at any given year. No definiteness as to whether the policy would be pursued from year to year.

(ii) The operation of the policy has been almost exclusively in official hands. People are still suspicious of the intentions of officials.

(iii) While it was insisted that cultivators should grow less jute it was not demonstrated to the cultivators or even hinted, how the land thus released could be advantageously used for growing other alternative crops.

(e) *Vide* answer to Q. 4.

(f) Growers have considerably co-operated in the sense that they have largely followed the instruction about restriction of cultivation. The others have, on the whole, been indifferent.

4. There are weighty arguments on either side. Given the fact that cultivation is by innumerable small farmers who have no organisation, and who are illiterate, it seems that an effective restriction of output requires legal compulsion. The voluntary system has two notable drawbacks—(a) a small minority of cultivators in each village is likely not to fall in line with others—to that extent restriction of output cannot be secured. Besides, and this is more important, their action may have a demoralising effect on the rest thereby jeopardising the whole policy.

(b) The greater the success of the policy the greater is the risk of its failure—that is if there is rise of price directly as a result of restriction there will be greater temptation on the part of cultivators to violate the spirit of the policy. On the other hand, enforcement of restriction of output by law, assuming the existence of men unwilling to obey, requires a large, efficient and impartial administrative machinery. There is the likelihood of oppression by petty officials and increase of bribery.

This association is of opinion that for the next sowing season an energetic policy of voluntary restriction should be followed. A scheme of restriction must be simultaneously drawn up and kept in readiness for speedy application in the future if it is found that the voluntary system does not work satisfactorily. This procedure will have at least three advantages:—

- (i) it will educate the cultivators and make them more amenable to compulsory restriction, if eventually introduced;
- (ii) it will disclose the practical difficulties in securing restriction thereby enabling a more sound law to be enacted; and
- (iii) announcement by Government of the entire scheme and of their real determination effectively to carry out the policy of restriction is bound to have a great psychological effect on the market. This itself is likely to lead to an upward trend in prices.

7. This will depend upon the nature of the soil. A scheme of restriction ought not to insist upon uniformity in all districts irrespective of the nature of the soil. An ideal scheme is, first, to decide what percentage of reduction should be required in any given year, and then to apportion this total reduction among the different jute-growing districts as far as possible equally, but always making due allowance for the suitability or unsuitability of the soil for other alternative crops.

A part and parcel of the scheme of restriction should be the finding of suitable substitutes for jute in the different jute-growing areas. The services of agricultural experts must be requisitioned for this purpose.

(8) (a) On an estimate of the probable world-demand in any given year—information should be gathered through Government of India's trade representatives in the various countries.

(b) Statutory body consisting of official experts, e.g., Director-General of Commercial Intelligence, Economists, Businessmen and Representatives of growers.

(9) World demand is not likely to fall appreciably. Although jute has lost its position of monopoly, still new uses are quite likely. The use of jute-mats for road-surfacing is a case in point. The prevailing international insecurity must also mean increasingly greater demand for gunny-bags for use in making sand-bags.

(12) (a) & (b) We do not know.

(c) Yes.

(d) Standardisation of grades should be enforced. The grading of jute is often arbitrary. Buyers often rob the growers by arbitrarily assigning a lower grade to their jute.

(g) Mixed body of officials and representatives of growers and buyers.

(h) At present information about Calcutta prices does not reach the average cultivator; movements of prices become known to him rather too late. The best medium for conveying to the cultivator's information about Calcutta prices is the radio. The existence of even one radio-set in a village or two will serve the purpose.

(16) It is widely believed that future markets do adversely affect the mufassal markets. In practice, the system of forward sale has a marked depressing effect on the price that the cultivator receives.

It is highly desirable that the operation of the future market should be strictly under public control.

(27) (a) The difference is unjustifiably large.

(b) Yes.

29. (c) The Committee should make a searching enquiry into the methods of management of the mills. Considering the prevailing rates of interest on capital the dividend given by mills is too high. It must be remembered that during the War and post-War boom period there was a considerable "Watering-down" of the share-capital of most of the mills. It must be seriously considered whether there should not be a reduction in the share-capital of such mills. The share of the profits that goes to the Managing Agents must also be scrutinised. There is no justification for the present wide margin between the price of raw jute and that of manufactured jute.

Increased efficiency of management together with reduction of the inflated share-capital is bound to lead to a reduction of the cost of manufacture.

30-32. The control of the working capacity of mills has adversely affected the price of raw jute by reducing the demand for it. This policy is dangerous in so far the price of jute manufactures is thereby kept high. In view of the appearance of so many substitutes for jute any artificial raising of the price of jute-manufactures will reduce the world-demand for them. The jute mills in India should aim at offering their manufacturers at a lower price in order to induce greater demand. Increased internal efficiency is the real need of Indian jute mills.

A rise in the price of manufactured jute goods by voluntary or compulsory restriction of output is more likely to injure the grower than to benefit him.

Replies submitted by the Secretary, Mukhtear Bar Association, Bogra, to the jute questionnaire issued by the Bengal Jute Enquiry Committee, 1938.

1. (a) Yes.
- (b) It will increase the price of the jute so the jute-growers will gain. Economic condition of the country will improve.
2. (a) We do not think that it has been successful.
- (b) No. Yes—For normal cause affected the price.
- (c) No. There is no stock with the cultivators.
- (ii) We do not know whether any stock with the balers.
- (iii) Not known.
- (vi) Ditto.
- (d) Jute restriction officers generally consult the president of the union boards and take figures without verifying their statement nor consulting the jute-growers. Consequently imaginary figures are supplied and supply increases.
- (e) More strict officers with stronger supervision are necessary to remedy the defects.
- (f) No.
3. (a) We are not aware of it.
4. (a) No.
- (b) Compulsory restriction.
5. (a) In Bengal ganja has been fully successful by compulsory restriction in cultivation and in tea cultivation partial restriction has been successful.
- (b) By legislation.
- (c) No.
- (d) Yes.
- (e) Yes—Strong supervision by the jute-restriction officers is necessary and cultivators should be allowed to cultivate only to a limited portion of his land.
- (2) The cultivators may disagree at the outset but will appreciate later on.
- (g) By proper propaganda.
- (h) Yes.
- (i) By propaganda and in co-operation with other jute-growing provinces—otherwise not.
- (j) By area.

6. No probability of the revenue being affected.
7. The crops will be according to the condition of the land.
- (2) Yes—according to the condition of the land.
8. (a) On the basis of—
 - (1) Stock of jute for the year.
 - (2) Demand of jute for the year.
 - (3) Lands on which only jute can be grown.
 - (4) Lands on which jute or substitutes can be grown. Jute-growing lands and the lands producing other things should be classified.
- (b) Provincial Government.
9. Demand for jute is likely to contract in future owing to the—
 - (1) substitutes for jute being produced in other countries.
 - (2) owing to the innate tendencies of other countries to grow raw materials for their own countries.
12. (a) The producing cultivators generally sell their jute to the farias and paikars.
- (b) There is no general standard of weight prevailing in this part of the country. Every seer varies from 60 to 90 tolas at different places which is detrimental to the producers. The measuring weight is suspended with a thin rope weighing about a seer and a half the weight of which is not deducted from the entire quantity of jute and thus by each measurement in the scale which may be 100 or 1,000 times per day the cultivators loose to that extent of a huge amount.
- (c) It is our considered opinion that one seer should be 80 tolas and maund should be 40 seers and this should be enforced in all dealings of jute. It should be enforced by legislation.
12. (d) By local experts having technical knowledge of raw jute. No standardization by legislature will not be beneficial.
- (f) An honest trained officer of the Government having special knowledge in jute.
- (h) Information as to Calcutta market prices should be conveyed to producer through union boards in simple Vernacular language. The cultivators are quite ignorant of the prices and movements whatsoever regarding jute at present.
13. (a) Minimum price should be fixed by legislation. Both buyers and sellers should be penalised if the purchaser or seller violate the standard fixed.
- (b) Over the whole jute-producing area. The market will consist of three or more unions conveniently.
- (c) Yes.
- (d) The Government.

(e) The marketing committee should be constituted by the voter's unions.

(f) By Government.

14. (a) It is desirable that corporate marketing of jute should be organised under Government control.

(b) The old co-operative jute sale society should be re-established under Government control.

(c) By selling debentures on the Government's responsibility.

15. (a) Yes, it is possible under Government control.

(b) A direct relationship should be established between the producers and the cultivators.

(c) On raising debentures on Government's security.

(d) Yes.

(3) Improvement of price and (4) fixation of minimum price.

17. (a) Ten maunds per acre at Bogra.

(b) Rs. 3-7 per maund.

(c) Cost of cultivation, price of seed manure, and cost of cutting and washing, weeding, drying and dressing.

18. There is no fair profit to the cultivators.

19. (a) By affecting better production, better marketing and by fixing minimum price by legislation.

19. (b) Introduction of scientific method is not possible owing to sub-plotting of lands being prevailing in Bengal and unless consolidation of holding be made.

20. There is no competition among the manufacturers, for they have made a monopoly of jute trade and the producers are becoming losers.

21. Minimum price should be fixed at least for ten years, yielding a fair profit to the cultivators.

22. By the restriction of the production of jute and with co-operation with the jute-growing provinces.

23. (a) Jute-producers get less price.

24, 25 and 26. State interference is necessary if such event occurs. The surplus produce might be purchased by Government and disposed of as required.

27. The cultivators generally get Rs. 4 per maund on average.

(b) Yes, the difference can be reduced by exclusion of some of the middlemen.

28. (a) The Marwaris and local dealers in jute advance money to cultivators on getting their crops pledged at a fixed rate which is less than the market price.

(b) Yes.

(c) Yes, to those who take advances.

29. (a) The price of raw jute products per maund were as follows:—

1900-13 from Rs. 7 to 10.

1913-19 from Rs. 7 to 25.

1920-29 from Rs. 7 to 12.

1930-36 Rs. 4 on average.

1936-38 Rs. 5 on average.

(b) The cause of the increase was European trade and the cause of the decrease is due to diminution of export of jute to foreign countries and partly due to the monopoly of the trade.

31. (a) No.

32. Compulsory restriction on manufactured goods by legislation is bound to lower the price of the raw jute. Rateable distribution of the profits should be paid to the cultivators on bonus system.

34. (a) The present system of forecast appears to be of no use to the cultivators. It would have been of much use to the cultivators had the forecast intimated the cultivators actual amount of jute in store and the probable demand of the jute for the next year.

35. No.

36. As stated in question No. 34.

37. (a) Reasonable accurate forecast by field to field survey may be obtained by honest experts appointed by Government and that might ensure the profit of the cultivators.

(b) No.

The cost might be met from the provincial jute revenue as well as from the profits of jute-mill Companies and this would be justified.

39. Yes, to some extent.

40. (a) Yes, by legislation.

(b) Yes.

41. The forecast should be published district by district through the union boards in the months of Poush and Magh each Bengali year.

Memorandum containing the replies of the Bengal Chamber of Commerce to the questionnaire issued by the Bengal Jute Enquiry Committee.

1. (a) (i) Yes—subject to certain conditions which are discussed in the Chamber's replies to subsequent questions contained in the questionnaire. The Chamber's reply to this question is given in the affirmative as present conditions seem to warrant restriction; but the Chamber would prefer to use the term "regulation of production" instead of "restriction of production" as a time might conceivably come when no "restriction" will be deemed necessary and when "regulation" may even be in the direction of encouraging the sowing of more jute.

(ii) The adjustment of supply to consumption: the assurance of a reasonable price to the raiyat; and the avoidance of unnecessary and disturbing speculative fluctuations on the market.

(b) Does not arise in view of the reply to question (a) (i).

2. (a) Owing to the variety of factors which affect the crop it is extremely difficult to form a reliable opinion as to the extent of the success of the policy of voluntary restriction which has been followed since 1935. While the results of the restriction propaganda have varied widely from district to district, the collective effect has no doubt been in the desired direction of reduced sowings; but the general impression of the trade is that weather conditions and the prevailing market prices at the time of sowing have been the chief factors responsible for such curtailment of the crop as may have taken place.

(b) In view of the variety of factors affecting the prices of jute, it is a moot point to what extent the policy of voluntary restriction has itself directly influenced prices. The principal other factors referred to are (a) climatic conditions including floods, (b) world stocks of jute and manufactured jute goods, (c) the demand for and the price levels of manufactured goods as influenced by world cycles of trade, and (d) commodity prices generally.

(c) (i) and (ii) Yes, but as has been explained above, the voluntary restriction is not solely responsible.

(iii) Smaller stocks are held by the mills in India but the recent conditions within the manufacturing industry itself have been primarily responsible for this reduction.

(iv) No: stocks have increased heavily owing to the inability of world markets to consume the jute grown and the goods produced.

(d) The intensity and nature of the propaganda carried out by Government officials and the pressure brought to bear on the raiyats by these officials have varied so widely throughout the districts that the results have, as already indicated, been very irregular. The raiyat has not readily responded to the restriction propaganda and is influenced primarily by (i) weather conditions at the time of sowing, (ii) prices at the time of sowing, and (iii) the availability and prospects of an alternative and equally remunerative crop.

(e) By better and more vigorous propaganda on the part of responsible Government officials aimed at educating the raiyat class as

a whole to appreciate the effects which the maintainance of equilibrium between supply and demand have upon the price factor.

(f) For the reasons explained in the Chamber's answer to question 2(d) the co-operation forthcoming from the growers varied widely from district to district. In the case of the other interests mentioned, such co-operation as was invited and was possible was given.

3. (a) That the use of alternatives or substitutes has effected the world demand for jute there can be no doubt, in view of the evident diminution in trade which the manufacturing industry has witnessed in recent years in several of its most important markets. In Australia, the bulk handling of grain and the extension of the silo system, sponsored by the Government of the various provinces is increasingly depriving the Indian mills of an outlet for their goods. The Argentine is following suit in this direction, and diminished trade may be expected there in the future. Cement producing countries have turned to paper containers, thus closing a further trade outlet: and in America, cotton interests, and the paper trade which has recently become extensive and important in the Southern States, are pressing their wares with increasing vigour, and Government support, with the avowed intention of ousting jute. It is difficult to say if the fall in the demand for jute caused to the competition of these methods and substitutes is likely to be permanent or not: in the case of bulk handling it is almost certain to be: as regards the others, the only hope of neutralising their influence is to maintain the prices of jute goods at such a level as to make their use immune from the competition of "substitutes".

(b) All four factors have been operative. Of these, the first—namely the price of jute—is the most important in the Chamber's opinion; though the second—namely the advantages of the substitutes over jute—is hardly less important inasmuch as once capital has been expended in any country in establishing the production of substitutes, a fall in the price of jute rendering such substitutes uncompetitive usually makes little difference for there is immediately a case for the protection of the capital involved. As regards (iii) and (iv), fiscal policy, exchange and currency restrictions, quotas and the like, dictated largely by economic nationalism and self-sufficiency, have been responsible for inroads into the markets for jute and jute goods abroad by encouraging the use of indigenous fibres or other substitutes.

(c) Yes: the present indications are that the policy of economic self-sufficiency on the part of many consuming countries is likely to continue in increasing degree and to this extent discovery and use of substitutes will be encouraged. The principal deciding factor, however, is price and if jute is to continue to hold its place in the world's markets it is essential that the prices should be maintained at such a level as will enable jute manufactures to compete as the cheapest available product.

(d) The following are the principal temporary substitutes or attempted substitutes for jute which are known to the Chamber:—

Thatching Grass—Java.

Abroma Augusta Fibre—Uganda.

Hemp—S. W. Kwangtung.

Mauritius Aloe Fibre.

Roselle—Netherlands East Indies.

Kenafe Hemp—Manchuokuo.

Various Vegetable Fibres from Italy.

Sisal—Grown among other places in Kenya and Tanjanyika and manufactured in Kenya, France and Belfast.

Specially Treated Straw—Victoria Australia.

Flax—N. Ireland.

Cocoanut Matting—Jamaica.

Polompom—Saigon.

Paper.

Attempts are also being made, with varying measures of success, to grow jute in Africa, Brazil, French Indo China, Java and Egypt. Prices and particulars of production are not available to the Chamber.

4. The Chamber recommends the continuance, when considered necessary, of an improved system of voluntary restriction which should be formulated and carried out in close consultation with all sections of the trade.

5. Though the Chamber favours voluntary restriction as stated above, it is proposed to submit brief replies to the enquiries contained in this question, as most of these apply whether any restriction scheme is voluntary or compulsory.

(a) The two outstanding examples are tea and rubber, though it should be pointed out that the restriction in both cases is upon exports and not directly upon production. In the case of tea the export regulation scheme is supplemented by a voluntary scheme for the restriction of production. In the U. S. A. the restriction of the Cotton Crop has also been compulsorily achieved.

(b) In the first place by agreement as between the producing countries, implemented by legislation on the part of the individual Governments concerned. In the U. S. A. the restriction of the cotton crop was effected by compulsory legislation.

(c) In the case of tea there is no direct substitute but the consumption of tea can be and is effected by rival beverages. In the case of rubber, synthetic substitutes can be manufactured at a price.

In the case of the U. S. A. cotton restriction scheme, it was found that whereas, in the case of other cotton producing countries, export of the fibre increased, the demand for U. S. A. cotton decreased; in other words the restriction of cotton there seems undoubtedly to have driven trade elsewhere.

(d) Does not arise in view of the Chamber's answer to question 4.

(e) Legislation is no doubt possible but its effective enforcement is doubtful and, in the opinion of the Chamber, its enactment is undesirable.

(f) (1) Yes, both financial and administrative difficulties arise; and it is largely though not exclusively because of these difficulties that the Chamber does not favour compulsory restriction. The difficulties in question are those which arise in securing the uniform and equitable enforcement of the scheme throughout the jute growing districts which

have not yet been surveyed and which comprise a large number of small individual holdings worked by thousands of individual cultivators. A further difficulty is the absence of an equally remunerative alternative crop.

(2) In the Chamber's opinion, the cultivators would resent the interference which the enforcement of a compulsory restriction scheme would imply.

(g) By means firstly of a thorough survey of the jute growing districts and secondly by the provision of an equally remunerative alternative crop or a guarantee that the individual raiyat would not be a financial loser under a scheme of restriction. There appears at the present time to be no alternative crop as remunerative as jute and unless Government are prepared to compensate the grower—a scheme which the Chamber could not support—the enforcement of compulsory restriction could not be achieved without hardship to the individual cultivator.

(h) Yes—their co-operation would be essential in a compulsory scheme and should be aimed at even under a voluntary system.

(i) By inter-provincial agreement and, if the scheme is compulsory, by the enactment of uniform legislation.

(j) Area seems to afford the best basis; but in the absence of a complete and accurate survey of the jute growing districts, the equitable enforcement of such a compulsory restriction scheme by legislation is not in the Chamber's opinion feasible.

6. If such portion of the raiyat's land becomes non-productive under a compulsory scheme as to make the loss which he sustains by restricting greater than any gain that may accrue from the higher price realised on his restricted jute crop, the tendency of rental values will be downwards.

7. This is a matter on which Department of Agriculture will be in a position to advise.

8. (a) On the basis of the estimated Indian and overseas requirements of raw jute for the year and the figures provided by the trade of the normal outturn per acre for each district in so far as this can be determined, due allowance being made on the one hand for existing estimated stocks and on the other for possible damage due to adverse weather conditions. The existing trade machinery for estimating existing stocks appears to be adequate and is the only available means.

(b) A statutory body, representative of the jute growing provinces, containing a majority of trade representatives.

9. No accurate forecast can be given as the future world demand for jute is entirely dependant upon recurring cycles of general trade prosperity and depression; upon the fiscal and economic policy of consuming countries; upon the extent to which the industry is successful in prosecuting scientific research into the discovery of new uses for jute goods; and upon the success attendant upon the efforts made to keep prices at a level which will enable jute goods to compete successfully in the world's markets against substitutes. In the Chamber's opinion there is no reason why, with the two pre-requisites of successful research and a suitable level of prices, the years to come should not witness an increasing demand for jute and jute products progressively adapted to new uses and modern requirements.

10. (a) These are ascertainable from the Dundee and London Jute Association contract forms. In general it may be stated that except, in the case of Dundee, jute is sold to practically all ports on the London Jute Association contract form. Certain buyers have their own contracts which vary from the standard form chiefly in connection with the procedure for the settlement of claims for quality and excess moisture.

(b) Yes—there are standards of quality on which business is done for export. These standards, which are fixed by the London and Dundee Jute Associations and which are provided for in the contract forms, are based on the average of the deliveries of the two previous seasons. In addition, there are many private marks which are not covered by the ordinary export groups laid down by the London and Dundee Associations. Whilst these marks are not dealt in publicly, the annual turnover in them is very large and represents for the greater part the specialised requirements of certain consumers.

Pucca bale standards vary very little from year to year and there is little or no variation during any one season.

(c) Arbitrations are held, in terms of the contract (a) in London in the case of jute sold on the London contract and (b) in Dundee in the case of jute sold on the Dundee contract; but it may be pointed out that occasional private arbitrations are held in other ports, principally in North America. The arbitrators are appointed by the London or Dundee Jute Association as the case may be. In many cases it has become customary for claims to be settled by amicable arrangements between buyer and seller without recourse to arbitration.

The Calcutta home letter of guarantee and the invoicing back clause afford protection to buyers and provide for suitable penalties to be borne by the seller in the case of unfair deliveries. The arrangement is an equitable one which has worked with reasonable smoothness for a long period of uninterrupted years.

(d) The Chamber has no specific improvements to put forward in the existing methods, which have worked smoothly and satisfactorily over a long period of years. Nor does the Chamber consider that there is any necessity for the fixing of standards for pucca bales by legislation providing for the setting up of a recognised body of the type visualised. The inspection and granting of certificates by such a body would not, in the Chamber's opinion, be feasible owing to the extremely large number of inspections which would be necessary to afford an effective check over the numerous consignments of jute exported during the busy season. Moreover, the organisation so established could not exercise control over the considerable business done in jute under private marks.

(e) As has already been indicated, the Chamber considers the present methods in the pucca bale trade to be eminently satisfactory and strongly recommends that there should be no interference with the present standards. Whatever schemes are introduced, there will always be good, bad and indifferent balers, whose goods will and ought to commend prices according to their real value, but standards are maintained and regulated to a practical degree of uniformity as the result of the existing system of arbitration and private settlement.

11. (a) Yes: in the Chamber's opinion the present methods of marketing jute in Calcutta are on the whole satisfactory. The mills

buy the bulk of their supplies direct from actual kutchha bales or through brokers acting as balers' selling agents. The terms of sale and purchase are those contained in the Indian Jute Mills Association contract, of which there are two forms—one for jute and one for jute cuttings. Similar methods are in force in the case of pucca balers who also make their purchases in the local bazars in direct negotiation with the sellers who store the jute locally. It should be mentioned, however, that all local markets such as Hatkola, Cossipore Road, etc., have their own recognised terms of sale and purchase, covering such questions as allowances, weights and the like, based on established custom of the trade.

Business in Calcutta market is done on fixed standards.

(b) In the past this has usually happened.

(c) The Chamber is opposed to the fixing of standards by legislation on the grounds that legislative action would constitute an unnecessary interference in a matter which is essentially one for mutual agreement between buyers and sellers of jute. The difficulty in maintaining fixed standards in the past has arisen by reason of the fact that the quality tendered has risen above the contract guarantee, not that the quality has fallen below that standard. As legislative action could only fix a *minimum* standard below which tenders must not fall in each grade, the difficulty to which the Chamber refers would not be overcome.

(d) The standards of "Tops", "Middles" and "Bottoms" and the guarantees attached thereto, as introduced this season, have found general approval in the trade and should, the Chamber considers, be adhered to. It may be mentioned that this is the first occasion upon which the mills, as the principal buyers, have given an undertaking to buy loose jute only on specified standards. The adoption of such a procedure has so far had satisfactory results, particularly so because the standards laid down by the Indian Jute Mills Association have also been accepted by the trade as the basis on which business will be transacted.

In the opinion of the Chamber the proper and most suitable authority to supervise the working of the standards is a Joint Committee of Buyers and Sellers, who are the parties concerned.

12. (a) The producer seldom goes further afield than the local *hat* to sell his jute and more often sells it at his door small *farias* who purchase from house to house. The sales are made at an overhead price per maund, having regard to the quality offered; the *faria* having a more or less accurate idea of the price such quality will fetch at the centres. The jute so purchased is either weighed over a one maund scale or taken over on "counting weight" at so many seers per bundle.

(b) Many local weights and allowances were formerly current in mofussil trading and, it is understood, arose by reason of the customs—and frequently the trickery—resorted to by the seller. But these are steadily disappearing and none of them could be said to have been to the detriment of the producer who was fully conversant with their intricacies and made due allowance for them in the price at which he sold his jute.

(c) Yes, it should be enforced by legislation, which should not however apply only to dealings in jute.

(d) The purport of this question—which appears under the heading "inland market"—is not clear. If it is intended to refer to the grading

of jute by the cultivators, farias and beparis, it can be answered by stating that there is no system of grading at that stage and that the question of standardization does not arise. Assortment and grading only commence when the jute reaches the hands of the upcountry baler who grades it (a) for the export market in accordance with the requirements and standards of that market as explained in the Chamber's replies to question 10 and (b) for the Calcutta markets in accordance with the requirements and standards referred to in the Chamber's reply to question 11. In the interior markets, in which the cultivator, faria and bepari are concerned, jute is sold on bulk weights irrespective of its later grading potentialities and in the Chamber's view no useful purpose would be served by introducing a grading system at that stage in the chain of transactions. See also reply to question 12(f).

(e) The only basis of standardization would be soundness of fibre, colour and percentage weight of cuttings.

(f) Here again the purport of the question is not altogether clear. As has already been explained, no grading or assortment takes place until the jute reaches the upcountry baler and no question of standard grades arises until the jute leaves the baler. In the mofussil markets generally, the only test employed is one of sight and handling, by which means a test selection is made of the jute offered for sale by the cultivator. The tests referred to in the Chamber's reply to the preceding question are constantly being employed in mofussil markets.

(g) In the opinion of the Chamber this is entirely a matter for the trade itself. The standards decided upon in the export and Calcutta markets automatically become the standards of grading and assortment in the mofussil.

(h) Means are already available whereby Calcutta market prices and movements are promptly communicated to the producers. Calcutta business houses with upcountry agencies regularly telegraph Calcutta prices to these agencies who pass the information on to the raiyats—more quickly, it is believed, than would be possible through official channels. The Chamber however, fully appreciates the desirability of effecting improvements in this system and suggests that it might be possible for reliable data with regard to Calcutta market prices to be telegraphed to and posted up at local post offices throughout the jute districts by responsible officials. By this means, and by encouraging an extension of the present use of radio, the cultivator desiring the information would have ready access to it. In this connection the Chamber desires to stress the importance of ensuring that any information telegraphed or wirelessly to the jute districts should be circulated immediately to avoid its becoming out of date and on that account misleading: it will also be necessary to ensure that the cultivators clearly understand that the information relates to *Calcutta market* prices which are inclusive of all baling, freight and transit insurance charges and not to the price obtainable in the districts.

13. The interests represented by the Chamber understand that there are, at the present time, a few "regulated markets" in East Bengal, set up under the auspices of the Indian Central Jute Committee, and they consider it desirable to await the experience gained in these markets before expressing a definite opinion in the matter. They understand that the support which has so far been accorded to these experimental regulated markets by the raiyats has been somewhat

disappointing. As regards the second part of question (c), the Chamber's view is that there should be no prohibition or limitation on dealings which take place outside these markets: the dealer must be left free to trade as he considers best.

14. While sympathetic towards any endeavours to develop a corporate sense among the jute growers—a sense at present almost entirely lacking—the Chamber does not feel itself competent to discuss the matter in detail and considers it to be more a subject for the Indian Central Jute Committee and other such bodies. Corporate organizations would, however, have to be built up upon carefully conducted initial experiments and must not move in advance of the producer's ability or willingness to co-operate.

15. The Chamber's reply to question 14 indicates the attitude which the interests it represents adopt towards this question of co-operative sale societies. The grower would naturally welcome any movement that proved to be to his advantage; but very cautious beginnings are essential. The trade has already witnessed the results of hasty and ill-considered action by the Co-operative Wholesale Society of Bengal.

16. Before proceeding to answer the particular questions asked by the Jute Enquiry Committee, the interests represented by the Chamber desire to specify clearly their attitude towards this question of futures markets. They wish to say, in the first place, that experience of the system and procedure of the *existing* so-called jute futures market is that its effects are definitely harmful to the trade as encouraging exaggerated upward and downward price movements under the influence of the very considerable speculative element, largely irresponsible and otherwise uninterested in the trade, which predominates in the operations of the East India Jute Association, Ltd., as at present constituted. But it does not necessarily follow that this experience condemns the principle of futures market in the jute trade. In other world commodities, a properly organised and well-regulated futures market is a useful adjunct, as affording a means of hedging trade risks by all branches of the industry, including the producer and the consumer. Opinions are not, however, unanimous as to whether the peculiar conditions of the jute trade call in similar fashion for a jute futures market, as producers are not in a position to utilise such a market and manufacturing mills use it to a very limited extent, balers and speculators being the main operators. This position might and probably would change in the event of the present futures market being radically reconstructed and remodelled in such a way as to prevent its being used chiefly as a speculative medium and to bring it within the category of a genuine hedging futures market, operating under a system suitable to and approved by all sections of the trade. The Chamber's attitude may accordingly be expressed as follows:—That, whereas in the Chamber's opinion the existing Futka market is detrimental to the interests of the trade and should, if it is to continue, be entirely remodelled or replaced, the Chamber is not opposed in principle to the idea of a genuine futures market for the jute industry. In this connection it has been suggested that, having regard to the complexity of the problem and the experience of the past, the precaution should be taken, if any action is decided upon, of making careful and comprehensive preliminary investigations into the organisation and conduct of other recognised and approved futures markets as a guide to the most suitable

course of action in regard to the reformation of the existing Calcutta futures market or its replacement.

(a) The effect of the present "futures" market is, as already stated, to exaggerate both upward and downward price movements and consequently to mislead the cultivator in both directions, frequently inducing him to sell when he would be better advised to hold and to hold when he would be better advised to sell.

As regards the question of whether there should be a futures market for loose jute, opinions are not unanimous and the Chamber can only say that under existing conditions, that is to say with the presently constituted "futures" market, there would be strong opposition to the substitution of "loose jute" for "Jute Firsts" as the basis, or to the adoption of loose jute as an additional basis. Under a properly regulated and controlled futures market, such as has been referred to in the Chamber's preliminary note above, the Chamber would not be averse to a careful examination being made of the possibilities of adopting loose jute as the basis; but it should be borne in mind that unless kutchra bale standards can be maintained on the same permanent regularity as pucca bale standards, loose jute would not provide a suitable basis.

(b) See the Chamber's preliminary note above. Strict control is essential and should be exercised by the trade.

(c) See the Chamber's preliminary note above. Under existing conditions, the "futures" market—which mainly a medium for speculation—has an adverse effect on the trade.

17. (a) According to the Director of Agriculture's recent forecast the divisional normals are as follows:—

Dacca and Chittagong Divisions	..	3·7	bales per acre.
Rajshahi Division	..	3·5	„ „
Presidency and Burdwan Divisions	..	3·2	„ „

(b) The cost of production of jute varies considerably according to the circumstances of the grower and what is included in the term "costs". Some growers who have families to work with them have a low ratio of actual expenditure on production, that is to say disregarding the labour expended by them; while others, who have to hire labour, have correspondingly heavier outlays. Much depends on whether allowance is made for the individual cultivator's own labour and that of his family; on whether he grows his own seed or purchases it; and on whether the term "costs" should include depreciation of implements, stock, etc. Any estimate of the normal cost of production must in these circumstances be approximate and within fairly broad limits: the Chamber places it at from Rs. 2·8 to Rs. 3·8 per maund.

(c) By taking the estimated total cost of cultivation per acre and dividing that figure by the yield per acre in maunds.

18. In the Chamber's opinion no figure or percentage can be given, in view of the varying economic and family circumstances of the individual cultivator. The problem at the present time is to ensure to him a livelihood for himself and his family, plus a margin which will enable him to meet his rent and reasonable interest on his debts and to obtain such of the necessary amenities of life as will contribute to his general contentment and well-being.

19. Yes: it should be possible to assist to secure better profits or to increase his profits by the introduction of more scientific methods of cultivation resulting in better quality jute for which higher prices would be paid; and also by improved methods of marketing.

20. Competition amongst buyers must tend to support commodity prices and this has no doubt been in part responsible for the higher level of prices for jute witnessed during the last two seasons.

21. No, fixation of a minimum price for jute, either by means of legislation, or by agreement within the trade would, having regard to the numerous competitive fibres and products which are seeking to oust its predominance as the world's chief packing material, ultimately have a most disastrous effect unless the price were fixed at a level sufficiently low to ensure that such a contingency could not arise.

It is recognised that the initial effect of a comparatively high price would be profitable to the producer, but such advantage would be transitory, and the ultimate result would be a gradual deterioration in the demand for jute, as cheaper competitive substitutes replaced it.

22. Among the essential conditions which might conceivably justify the fixation of a minimum price for jute at a comparatively high level would be:—

- (a) That jute was a vital necessity in the world's markets and that no other product could be used in substitution.
- (b) That it could not be grown competitively elsewhere.
- (c) That a highly organised system of marketing could be maintained to ensure the effective maintenance of such a price.
- (d) That Government would be prepared to support that price if necessary.

None of these conditions are fulfilled.

23. (a) The point is a debatable one as to whether the removal of the jute export tax would or would not affect the price paid to the original producer. The Chamber's view is that any change in prices which might result from the removal or variation in the tax would indirectly be passed on in part to the producer.

(b) Yes: the incidence of the tax is not constant. Owing to the tax being at a flat rate of so much per bale, its effect must be variable as the price of jute fluctuates. The rates were fixed when the value of jute was higher than at present and in seasons when prices are low, the tax represents a high percentage of the rupee value of the jute. Further, high price cuttings which might be valued in excess of low grade jute would be assessed to the export tax at the lower rate applicable to cuttings. To this extent variations in the rate of tax may in some measure work back to the cultivator.

24. As will appear from the reply given to question 21, the Chamber does not favour any attempt to maintain a minimum price for jute. In the event of any such attempt being made, the Chamber would be opposed to any system of Government guarantee.

25. Does not arise in view of the Chamber's reply to questions 21 and 24.

26. The experience some years ago of the Brazilian Government as regards coffee and, more recently, of the American, Egyptian and Canadian Governments as regards cotton and wheat, exemplifies the dangers and financial implications of the policy and should in themselves be a sufficient deterrent against such a policy on the part of the Government of Bengal in the case of jute.

27. (a) The cost of handling, shipping, insurance and landing the jute is met by the buyer and the value of the jute to him may be taken at roughly Re. 1-4 per maund more than the price paid to the cultivator.

(b) Possibly the difference could be reduced in this way; but as the middlemen form an integral part of the existing organisation, it is difficult to see how they could be excluded under present conditions to such an extent as to have any appreciable effect on the prices paid to the cultivator.

28. (a) It was formerly a common practice for the cultivator to pledge his crops to the mahajan, bopari, landlord or zemindar or to a money-lender; but it appears that the practice is becoming less common, especially since the passing of the Agricultural Debtors Act.

(b) It probably does in some degree; but to what extent it is impossible to say.

(c) The tendency would be in this direction, but much depends on the extent of the cultivator's indebtedness and the extent to which it has been necessary for him to pledge his crop.

29. (a) A statement giving prices from 1908 onwards is appended hereto. The question asks for price particulars *per maund* and the figures have been worked out accordingly; but it should be noted that this is not the usual basis of price quotation. Jute prices are ordinarily given at so much *per bale*, hessian at so much per 100 yards and gunny bags at so much per 100 bags.

It will be noted also that the prices given in the statement are, in each case, the highest and lowest for the year in question; that First Marks in the case of jute, and 40" 8 oz. Hessian and Heavy Cees in the case of manufactured goods have been selected as sufficiently representative for the purpose in view.

(b) The figures show that considerable variations take place in the relationship between the prices of raw jute and manufactured jute products and that the variations are not constant. There is a considerable number of factors which contribute to such variations and upset the normal operation of the law of supply and demand—for instance the stock position in both commodities, particularly in gunnies; emergency requirements causing a sudden demand for manufactured goods of all types, or any particular type, of fabric; unreliable forecasts of the jute crop and disbelief in or surprise caused by the forecast figures; the fact that whereas the supply of manufactured goods has been regulated by the policy of the Indian Jute Mills Association with its consequential effects on the prices for manufactured goods, no

ascertainable and reliable control has been exercised over the production of raw jute; and temporary fluctuations in the prices of both raw and manufactured goods caused by speculative and other influences.

(c) The immediate effect of a reduction in manufacturing costs would be to increase the margin between the prices of raw jute and those of the manufactured product. Such increase, however, would in all probability not be maintained for long, because the tendency—in normal circumstances and assuming that a reasonable margin of profit to the mills already existed—would be towards a reduction in the hessian and gunny prices. The price factor being a vital one in the maintenance and expansion of the markets for manufactured jute goods in competition with substitutes, the saving in the cost of production would in all likelihood and at least in some measure, be sacrificed to maintain and expand these markets.

The main direction in which manufacturing costs could be reduced are firstly by the improvement on scientific lines of existing technique, secondly by the more extensive use of labour saving machinery and, thirdly, by an all round improvement in the technical skill of the workers, in which connection it is important to bear in mind that whilst the costs of manufacture have varied considerably from time to time, they have been substantially reduced during recent years.

30. Control of the production of manufactured goods must inevitably affect in some measure the price paid for the raw material and this has been instanced both in the case of the Indian Jute Mills Association restriction scheme which terminated in March 1936 and in the case of the Bengal Jute Ordinance promulgated in September 1938. In the former instance, the effect was at times not altogether beneficial to the jute cultivation, partly owing to over-production of loose jute and partly due to cycles of trade depression bringing about lower price levels. The Jute Ordinance similarly has the immediate effect of increasing prices of raw jute appreciably.

31. (a) The restriction scheme introduced by the Ordinance referred to above has brought about an increase in the price of manufactured goods to an apparently even greater extent than the increase in raw jute prices previously mentioned. The relatively greater increase is, however, more apparent than real, for the reason that prior to the introduction of the scheme the mills almost without exception were selling at a heavy loss—which has since been lessened.

(b) The Indian Jute Mills Association restriction schemes, the last of which terminated in March 1936, undoubtedly, secured for the industry a reasonable measure of prosperity—even during the most severe economic depression that has so far been experienced. The failure of the scheme which came to an end in 1936 was due to the fact that the relative prosperity of the industry, even in depressed times, attracted capital seeking profitable investment, thereby bringing about over-expansion and consequently over-production. The restriction enforced by the agreement, it has been argued, also stimulated production overseas and drove business into the hands of competitors.

(c) There is no reason why a similar voluntary agreement should not be evolved by the industry at the present time. The future prosperity of the industry and of all concerned in it depends on the successful maintenance of equilibrium between supply and demand and the

Indian Jute Mills Association, recognising this, is now endeavouring to bring about a voluntary agreement on an all-India scale. Restriction of production by the mills in Bengal has been temporarily secured by the Bengal Jute Ordinance already referred to; but in the opinion of all sections of the industry, a voluntary scheme of control of production is to be preferred.

32. A rise in the price of manufactured goods would normally bring about an improvement in the price of the raw material, provided there was no undue discrepancy between the supply of jute and the demand for it. The price of raw jute must to a great extent depend on the price of the manufactured goods. But it must be borne in mind that the prices which can be secured for the latter are in turn controlled by the ability of the goods to command that price, in competition with other fibres and substitutes. There is, therefore, a limit to the increase which can be effected in manufactured jute good prices and consequently a limit to the extent to which the benefits of such an increase can be passed on to the cultivator through the long chain of intermediaries which separate him from the ultimate consumer of his produce.

Improved methods of production, better marketing and the elimination of unnecessary middlemen appear to be pre-requisites to the cultivator sharing in the increased prices of manufactured jute goods.

33. (a) Freight charges on jute appear to be reasonable at the present time in comparison with those for other commodities. The trade has recently been successful in obtaining some reduction in these charges.

(b) Yes, having regard to the risks involved.

(c) Does not arise in view of the Chamber's reply to the two preceding questions. Commercial competition itself operates to prevent unfair or unnecessarily high rates.

34. (a) Very little legitimate trade use is made of the forecasts owing to their highly inaccurate nature. The wide margins of error which have occurred prevent any reliance being placed upon them by the trade.

(b) Through agents resident in the various districts concerned, supplemented by special reports from upcountry managers and in certain cases by touring on the part of special agents. The resident agents, who are in close touch with the growers, base their estimates upon enquiries made from the latter and on personal observations made in the same district from year to year. These estimates are usually expressed as so many annas of the previous year's crop, which is taken as representing 16 annas. The probable outturn in bales is thereupon calculated by the trade in this ratio, basing the yield of the previous year's crop on the actual arrivals of jute at Calcutta and Chittagong, due allowance being made (a) for stocks in the mofussil and (b) for weather conditions as they existed at the time of sowing.

35. No.

36. Principally in the early stages of the collection and compilation of the figures. In the Chamber's opinion, the main fault lies in the returns submitted by, or the information obtained from, the cultivators, each of whom is responsible for a wide margin of error.

Another fault appears to be that insufficient importance is attached by Government to the known arrivals of the previous season.

37. The Chamber's view is that an accurate forecast can be ensured only by obtaining, in the first place, reliable figures of the acreage sown by actual survey and, in the second place, dependable figures of the yield; both these factors being checked and authenticated yearly in consultation with the trade. It would seem, however, that such a survey would occupy many years and that the cost of it would in present circumstances be prohibitive.

38. Owing to the very extensive area covered by the jute growing districts and the widely different conditions which affect the yield, any indirect method of compilation must have serious inherent disadvantages. To ensure a reasonably accurate forecast, random sampling for instance would have to be carried out on a very extensive scale. While not disposed to commit themselves to a final view in the matter until the Central Jute Committee's examination of it has been completed and the results published, the interests represented by the Chamber do not, on the whole, favour the system of random sampling.

No particulars are available to the Chamber with regard to the likely cost either of a survey or of random sampling; but in either case it must be considerable. So great, however, is the importance to the trade of a really accurate and dependable forecast of the crop, if any is undertaken, that the Chamber would be in favour of a substantial sum being allotted for the purpose. On the other hand, further expenditure on the present system of collection and compilation is not to be advocated.

38. (a) and (b) See the Chamber's reply to the preceding question. The data so far available are insufficient to enable the Chamber to express any definite opinion in reply to this question.

39. In this connection please refer to the Chamber's reply to question 36. Reliable figures of actuals would be invaluable from the point of view of ensuring the accuracy of the forecast for the ensuing year. It is at the present time possible to obtain reasonably accurate figures of arrivals at Calcutta and Chittagong, while upcountry stock with balers can be obtained from the trade. But it would be difficult and costly to secure accurate details of upcountry stocks held by the cultivators and middlemen.

40. (a) It would be a most arbitrary proceeding to introduce compulsion in this respect.

(b) No: if the trade were taken into full confidence, all sections—with the possible exception of the cultivators—would probably assist by rendering returns of their stocks voluntarily if by doing so a reasonably accurate forecast could be assured.

(c) No: only estimates are obtainable. Various firms and trade bodies compile estimates of the stocks of jute held ex-India and there is no reason to doubt their accuracy as such.

41. The Chamber favours the piece-meal publication of the figures over a number of days as at present.

APPENDIX.

Statement referred to in reply to question 29 (a).

Year.	Price per maund of Jute First Marks.		Price per maund of 40"/8 oz. Hesatan.		Price per maund of heavy C'S.	
	Highest.	Lowest.	Highest.	Lowest.	Highest.	Lowest.
	Rs. a.	Rs. a.	Rs. a.	Rs. a.	Rs. a.	Rs. a.
1908-09 ..	9 4	5 15	..	11 7	9 1	8 6
1909-10 ..	7 10	6 3	12 15	10 10	9 2	8 6
1910-11 ..	13 9	6 9	14 10	11 6	10 15	8 6
1911-12 ..	12 5	8 13	20 8	12 11	13 7	9 13
1912-13 ..	14 13	9 14	24 10	19 11	13 7	12 0
1913-14 ..	17 11	13 2	26 4	16 13	14 3	12 0
1914-15 ..	16 7	6 3	27 1	10 4	13 7	10 3
1915-16 ..	12 2	9 4	31 3	18 7	14 15	12 0
1916-17 ..	11 11	8 3	32 8	16 13	15 4	11 10
1917-18 ..	8 8	6 14	35 4	22 2	24 13	13 5
1918-19 ..	16 2	8 13	62 5	20 1	25 7	17 7
1919-20 ..	20 8	11 3	63 5	22 15	22 15	14 3
1920-21 ..	17 14	10 14	31 10	16 13	16 0	10 8
1921-22 ..	18 14	9 7	38 15	18 1	17 13	12 12
1922-23 ..	18 8	11 8	33 3	21 5	17 7	14 3
1923-24 ..	18 6	8 10	25 7	10 1	18 15	14 3
1924-25 ..	24 4	12 2	33 13	25 7	25 1	18 8
1925-26 ..	27 15	16 7	35 14	23 3	26 9	17 7
1926-27 ..	17 1	9 14	26 6	23 3	19 4	15 10
1927-28 ..	15 10	12 2	33 10	25 10	18 8	16 0
1928-29 ..	16 14	11 15	36 11	21 13	17 1	12 5
1929-30 ..	13 12	9 1	28 1	16 8	15 4	11 4
1930-31 ..	9 1	5 5	17 10	12 2	11 10	8 0
1931-32 ..	9 4	4 15	16 1	11 6	11 5	7 7
1932-33 ..	8 0	4 12	19 13	12 3	10 15	7 9
1933-34 ..	6 14	4 13	19 1	13 9	9 13	7 10
1934-35 ..	8 0	4 13	16 10	13 12	9 7	8 10
1935-Feb. '36 ..	7 12	6 2	16 3	12 2	1935 } 9 1	6 15
Mar. '36-June '36 ..	7 2	6 5	13 5	12 11		
1936-37 ..	9 4	5 15	15 13	11 9	8 6	6 9
1937--Sept. '38 ..	7 14	5 14	13 7	10 8	8 0	..

Prices have been calculated to the nearest anna.

Reply statement of the Indian Chamber of Commerce, Calcutta, to the questionnaire issued by the Bengal Jute Enquiry Committee (1938).

Note.—In this statement, the replies are against the questions to which they generally relate. Reference to particular component parts of the questions are not given unless necessary.

1. At the outset the Committee would like to draw a distinction between the Restriction of Production and Regulation of Production. While "restriction" of production may be necessary for "regulation of production", it may not always be so. The purpose of regulation of production is to adjust supply to demand in order to avoid violent fluctuations in the price structure of the commodity regulated and either restriction or propaganda for larger sowing may be necessary for such regulation, according to the fluctuation in demand though so far as jute is concerned, the Committee realise that regulation may mostly have to take the form of restriction. The Committee are in favour of a policy of scientific regulation of production.

There are instances of attempts at the regulation of production of other commodities having been successful, e.g., rubber and tea, etc. As the production of jute is mainly centred in Bengal, the question of regulation may be easier in case of jute. It is, however, essential that the other neighbouring provinces of India which produce jute must also join the scheme of regulation. It must also be borne in mind that whereas in the case of rubber, tea and tin, the production of the commodity is confined to a few large and organised producers, jute is cultivated in small holdings by thousands of cultivators all over the province. There is, however, one point which the Chamber would like to stress and that is with regard to the price factor. If there is any artificial increase in the price of jute as a result of regulation, it may not only affect the consumption of jute in the world market but may also give an impetus to the larger use of substitutes.

2. (a) and (b) The policy of voluntary restriction followed since 1935 has produced, so far as the Committee are aware, very little effect. Evidently the effect of this policy on price has not been much.

(c) The stock of raw jute held in mofussil by growers, etc., and by pucca balers has been reduced as a result of smaller crops due to adverse weather conditions. The stock of raw jute held by mills in India has also been reduced owing to increased production. The stocks of finished products held by mills have increased on increased production.

3. There are various alternatives or substitutes which are used to replace jute, e.g., manillahemp, sisal, flax, thatching grass and other vegetable fibre. Cotton bags and paper bags, etc., are also used in the place of gunny bags. In the opinion of the Committee, however, the price factor is the most important point in this connection. When the prices of jute and gunnies rise in India, the use of these substitutes and alternatives receives a spurt. Fiscal policy and Exchange restrictions may also have something to do in certain countries in promoting the use of substitutes. Fortunately the substitutes have not succeeded so far to any appreciable extent in replacing jute owing to its cheapness. It must be pointed out, however, that the consumption of jute goods has not increased during the last 20 years as could

have been expected. Use of cotton and paper bags as well as facilities offered for transport in bulk have prevented more jute goods and consequently jute, from being consumed. The Committee understand that attempts are also being made to grow jute in other countries, e.g., Netherlands-Indies, Brazil, South Africa, etc., but it is too early yet to say whether these attempts would prove effective.

5. The Committee have expressed their general views with regard to many of the questions in reply to question No. 1 above. They would, however, further reiterate that it is essential that other provinces must co-operate in any scheme of regulation. Quotas on an agreed basis may be allotted to different provinces.

6. If the price of jute goes up as a result of restriction the rental value of land will also go up but only if the prices remain higher for some time. The effect of any scheme on rent (i.e., on rent realisations by the Government) would depend upon how the scheme re-acts ultimately upon the welfare of the grower.

7. It has also been pointed out above that regulation of production does not necessarily imply restriction. However, if production of jute is restricted the lands released as a result of such restriction may be utilised for the cultivation of sugarcane, tobacco, groundnut, rapeseed, paddy and cotton and wheat. The Agricultural Department should guide and help the growers in adopting the alternative crops but the Committee do not visualise any compensation or subsidy.

8. The area to be cultivated may be determined on the basis of the existing stocks and the probable demand for the next following year. The trade has always got a fair idea of the stocks in the moffusil and the jute mills also publish their figures regularly.

9. World demand for jute would largely depend upon the price factor and trade cycle. If any further use of jute are discovered by the aid of scientific research, the demand should expand.

10. Jute is sold to Dundee according to the terms of the Dundee Jute Importers' Association's Contract and to the Continental Countries, America and Japan according to the terms of the London Jute Association's Contract. There are certain fixed standards of quality which have been in use for a long time and are recognised by the trade.

(c) Arbitration with regard to Dundee transactions are generally held at Dundee and those with regard to Continental and United States of America transactions usually is London. Jute arbitrations have recently been started in Hamburg also. In dealings with Japan, the arbitration stage is seldom reached as the parties mostly arrive at amicable settlements.

It is well known that the system of home guarantee is peculiar to the jute trade and acts detrimentally to the interests of the seller in this country. The Committee urge that this system should be abolished.

(d) and (e) With regard to the standards of Jute for the export market, the present method appears to be quite workable and the Committee do not suggest any legislation for the fixing of standards for the export of jute.

11. The most objectionable feature in the marketing of jute in Calcutta is the variation of standards for loose jute from time to time,

even during the course of a season. The question of having fixed standards for loose jute in Calcutta has been repeatedly discussed and important public and commercial bodies like the Central and the Provincial Banking Enquiry Committees, the Federation of Indian Chambers of Commerce and Industry, etc., have stressed the necessity of having fixed standards. It is, however, regrettable that nothing so far has been done in the matter. The Committee need hardly point out that when business is transacted on a forward delivery basis, it is essential that the variations in grades under which the commodity is dealt in should be clearly defined and such definitions should not be subject to change by every buyers or sellers unilaterally. It is not unoften that the buyers, i.e., the mills are able to bring about hidden fall in the prices of jute by manipulating standards. Very often the standards are changed even during the course of one season which causes a good deal of confusion in the trade. The sellers are never able to know as to what they are expected to deliver against their contract. Voluntary fixation of standards for loose jute is, therefore, impracticable as it always suits the buyers who are in a strong position to change the standards from time to time. The Committee, therefore, suggest that the standards should be fixed by legislation in consultation with all sections of the trade. The present classification of "Top, Middle and Bottom", is otherwise satisfactory as a classification.

Another factor which the Committee would like to stress in this connection is the absence of any Central Organisation for the jute trade. It will be desirable to have a Central Organisation like the East India Cotton Association of Bombay with all sections of the trade adequately represented therein.

There is also a great lack of storage facilities for jute in Calcutta. Bombay has got large warehouses and it is essential that if marketing conditions are to be improved, similar facilities for the storage of jute should be provided in Calcutta.

12. (a) The cultivator sells his crop either on the field or in the local market (hats) mostly to Farias and in some cases to merchants. In several cases the Farias and also the Beparies (merchants) mix water with jute after buying it from the cultivator. This practice should be a stop to by legislation.

(b) There are different customs in different markets regarding deductions and allowances, etc. We favour the abolition of any such deductions.

(c) There also different weights in different markets. We favour standardisation of weights throughout the province which should be enforced by legislation.

(d) In certain areas, e.g., Chandpur, Farias sell on assortment basis. However, the sale of jute in moffusil markets on the basis of the standardisation of grades for raw jute does not seem to be practicable, nor necessary.

(h) As regards information about Calcutta market prices to be conveyed to producers, broadcasting by radio by the provision of radio sets in important centres may be tried. It may also be arranged that the information is displayed on notice boards in the local hats and markets.

13. The establishment of regulated markets may be a good thing for the trade and experiments may be made at important centres.

15. *Co-operative Societies.*—The experience so far gathered about this movement in India is not very encouraging.

16. Futures markets are necessary for modern business methods to enable traders to hedge against their future commitments. A genuine and properly regulated futures market would reflect the tendencies which are current in the trade of the particular commodity for which it has been established and to act as a steadying influence. In order, therefore, that the futures markets may have beneficial effect on the moffusil markets, the Committee recommend that the futures markets should be based on loose jute provided of course that definite standards are fixed for such jute. It must, however, be clearly understood that there should not be two futures markets.

As regards control of the futures markets, the Committee would suggest control by a Statutory Body representing all sections of jute trade.

18. It is very difficult to determine as to what should be considered a fair profit for the cultivator. It will vary with the differing circumstances.

19. The cultivator's margin of profit can be increased by improved methods of cultivation whereby the same amount of land may be made to yield better and more jute. Surplus land released from the cultivation of jute may be utilised for other crops.

Improved methods of marketing and better storage facilities would also add to the producers' profit.

20. Unrestricted production had a depressing effect on the manufactured goods market and also affected the price of raw jute correspondingly.

21. Though we entirely agree, the question of fixing the minimum prices seems to be very complicated and of doubtful success inasmuch as jute and gunnies are export commodities. The regulation of production on a scientific basis, as suggested above, as also improvement in marketing conditions and of provision of better storage facilities would go a long way in improving the prices of jute for the cultivator.

23. Having regard to the fact that jute is more or less a monopoly of Bengal, the burden of the jute export tax should have fallen on the consumer. It has, however, not been so owing to the fact that the cultivators are not organised and hence the effect of this tax on the prices paid to producers has been adverse. This tax mostly comes from the pocket of the cultivator. Moreover, it should also be borne in mind that though this tax was levied on the assumption that jute is a monopoly crop, to-day it does not quite enjoy the same position. It stands in the world market on its cheapness. Jute tax operates especially heavily on the growers when the prices are low.

27. The normal difference between the price paid to the cultivator and the price paid by the manufacturer or baler is annas 12 to Re. 1 per maund. The middlemen perform the essential function and it will hardly be of any benefit to the cultivator to exclude him particularly as the above difference in the price paid to the cultivator and the price paid by the manufacturer is mostly due to freight. This difference can, therefore, be reduced by a reduction in railway and steamer freights which are very high. The railway freight over the Eastern Bengal Railway is high particularly over the routes where there is no river traffic competition.

28. The system of cultivators pledging their crops before harvest used to be in vogue previously but now it is being discontinued gradually and is expected to die its natural death. This system, therefore, does not at present affect price levels nor does it result in the cultivator being paid a low price for raw jute to any appreciable extent.

29. (b) The relationship between jute and jute products has been influenced by the regulation of production by the Indian Jute Mills Association, by the breakdown of these regulations and by world political and speculative factors.

(c) The cost of manufacture may be reduced by reducing overhead expenses and by improvement in manufacturing efficiency.

30. A reasonable control of production of manufactured goods has generally a favourable effect on the prices of raw jute.

31. (a) Yes, the prices of manufactured goods could be raised by a scheme of restriction and other economic factors. But the question is whether a considerable increase in prices would be desirable because in that case the question of the use of substitutes will again crop up.

(b) and (c) The restriction agreement so far as it worked was a success. A similar voluntary scheme could be evolved by the trade.

32. As said above, any reasonable restriction on the production of manufactured goods should have a favourable effect on the prices of raw jute. The cultivators could share in the increased prices of manufactured products if their holding power and facilities like storage, etc., are increased.

33. As pointed out above, the freight charges, whether of railway or of steamship companies are generally high. The freight on the Eastern Bengal Railway is especially high where there is no alternative mode of transport like waterways available. A comparison between the freights charged by the East Indian Railway and the Eastern Bengal Railway for equal distance will prove the truth of this contention. The inland river freight and the overseas freights are also high. We think that there could be at least 25 per cent. reduction in both rail and inland steamer freights as well as in overseas freights. The marine and fire insurance charges appear to be reasonable.

34. As the Government forecast has hardly ever been anything near the actual crop produced, the trade does not put much reliance on these forecasts. Private firms obtained their forecasts by personal investigations through agents.

35. We do not know the working of the present Government system of compilation of jute forecasts but we do know that it is not satisfactory.

37. Yes, we think it is possible to obtain a reasonably accurate forecast by a field to field survey provided the Government is prepared to meet the expenses. However, if the cost is too heavy, we do not think it would be justified particularly as private firms have got arrangements to obtain a reasonable estimate of the crop.

40. Though it could be possible to compel holders of stocks to submit returns, it does not seem to be necessary. We don't consider any legislation to be necessary. Approximate estimates of stocks held ex-India could be obtained through the various Trade Commissioners and foreign Chambers of Commerce.

41. The present method of publishing the forecast is alright.

Replies to the questionnaire of the Bengal Jute Enquiry Committee, 1938, by the Honorary Secretary, Marwari Chamber of Commerce.

With reference to your letter No. 32/6-13, dated the 21st September 1938, forwarding a copy of the questionnaire drawn up by your Committee with a request to send in the replies of the Chamber, I am directed to submit the following statement in answer to the questionnaire one by one.

1. (a) (i) At present my Committee would advocate the policy of restriction of production of the jute crop. But they would not endorse the policy of restriction for all time to come. So they would prefer the use of the term "Regulation of Production" instead.

(ii) To adjust supply according to consumption and to assure an economic price to the grower.

(b) Does not arise.

2. (a) The policy of voluntary restriction followed since 1935 has in the opinion of my Committee met with very little success.

(b) The declaration of the policy of restriction by the Government in 1934 followed by the unsoundness in the fatka market imparted steadiness to the price of jute all round.

The annual average prices of principal fibres from 1934 to 1937 would show that the rise in price of jute in contrast with the general rise in prices of other fibres was much less although it is the monopoly product of India and the world demand for this fibre is steadily on the increase for the sacking and packing purposes:

(c) The surplus stock held in mufassil and the pucca balers have been reduced but the whole credit of it cannot be claimed by the working of the policy of voluntary restriction. Other factors such as, untimely and excessive rain and floods, etc., were in no way less responsible. The full answer to the question is given by the following stock figures:—

Stocks.

				Mills.				Total world stocks.
				Local.	Foreign.	Mufassil.	Calcutta.	
1929-30	..	..	..	38	19	10	5.00	72
1930-31	..	..	..	34.50	17	15	5.50	72
1931-32	..	..	..	51.50	15	25	6.00	97.50
1932-33	..	..	..	42	15	22	6.00	85
1933-34	..	..	..	46.50	15	16	8.25	85.75
1934-35	..	..	..	44.25	17	20	10.00	91.25
1935-36	..	..	..	47.00	19	14	10.00	90.00
1936-37	..	..	..	40.00	19	10	6.00	75.00
1937-38	..	..	..	35.00	21	5.50	3.50	65.00

(d) The intelligentsia of the Province who could have carried on a persistent propaganda to restrict the sowings of jute as they did under leadership of Deshabandhu C. R. Das in 1924-1925 were not there to do it on political grounds. Very few persons who carried on the roving

propaganda organised by the Special Officer, Jute Restriction Scheme, knew their subject well to convince the growers of the efficacy of restriction. No concerted, systematic and localised propaganda was carried out.

(e) The defects can be remedied if the regulation of the jute crop be conducted on the lines suggested by Mr. G. S. Dutt in his supplementary note to the Majority Report of the Bengal Jute Enquiry Committee, 1932. (Appendix A.)

(f) My Committee do not think that all the persons named have given their full co-operation to make the scheme effective.

3. (a) The question of alternatives or substitutes is as old as the jute trade. Alternatives, such as bulk handling of grains and cereals seem to have affected permanently the consumption of jute goods. But the fibres claiming to be substitutes for jute have not yet established in a manner which could be taken as affecting the consumption of jute permanently. The world economic structure after the great European War is in the process of being re-shaped, remodelled and remoulded. Aggressive economic nationalism and self-sufficiency form the back ground of the economic development of most of the countries of the world. Certain fibres claim to substitute jute but jute being the cheapest fibre may not be affected permanently.

(b) World economic forces are responsible for the discovery of substitutes or invention of alternatives to jute. It cannot be said that the price of jute alone has brought them into existence. A fiscal policy, exchange restriction, currency devaluation and preferential trade agreements between countries, setting up quotas, etc., are the principal responsible factors in restricting consumption of jute and jute goods in certain countries and have given incentive to the use of fibres grown in those countries.

(c) My Committee do not believe that the use of substitutes is likely to expand.

4. (a) My Committee advocate the continuation of an improved system of voluntary regulation of the jute crop preferably on the lines suggested by Mr. G. S. Dutt in all the jute growing provinces.

(b) My Committee is definitely against compulsory restriction of the jute crop.

5. Does not arise.

6. It will depend upon the compensation that the State would pay for the land which will not be allowed to grow jute and the value of the crop grown on it and the price realised by the jute crop.

7. (1) Aus paddy and Arahara are contemporaneous crops with jute. Most of the high lands in jute growing districts can be utilised in growing cotton in view of the number of cotton mills started in this Province.

(2) It is possible and necessary to subsidize the alternative crops.

8. (a) On the basis of estimated world consumption and estimated average out-turn per acre.

(b) A Provincial Statutory Body representing the growing Provinces which should preferably be nominated by the Chambers of Commerce.

It is very difficult to answer this question which is more or less of a speculative character. Various reasons can be put forward either in favour of or against expansion or contraction of demand for jute. It may, however, be hazarded that it will expand to a certain extent for few years to come, for scientific researches may find new uses for jute.

10. (a) Jute to Dundee is sold on terms contained either in the London Jute or Dundee Jute Importers Associations form of contracts. To other countries on the terms of London Jute Association form of contract.

(b) Business for export are done on the fixed standards of quality, viz., First, Lightnings, Hearts, Rejections, etc. Trade has fixed the standards and they do not vary like the kutchra bale standards.

(c) Arbitrations are held in Calcutta when the business for export is done through the Calcutta Baled Jute Association form of contract and the parties to the contract appoint arbitrators but when the business is covered by Home Guarantee the seller has to accept the award of the arbitrators appointed by the London Association in London. Arbitrations are also held in Hamburg and sometime ago the Russian buyers also insisted upon the arbitrations being held for jute purchased by them in Russia and London Jute Association strongly opposed the suggestion.

The practice of granting Home Guarantee Letter with the provision of invoicing back to cover a parcel of jute sold for export is a personal affair of a baler; they are not provided for in the Calcutta Baled Jute Association form of contract. But it has become a custom with the balers to grant the Home Guarantee Letter with the proviso of Invoicing Back Clause.

The monopolistic nature of jute when viewed from the nationalistic stand point urges one to express his views condemning the practice of granting such Guarantee Letter.

(d) The Government should appoint a Statutory Body of jute experts in consultation with the Chambers of Commerce to examine every parcel of jute exported from India for granting certificate of upto standard of the grade. This practice will obviate all unnecessary arbitration procedure in a foreign country. This procedure if adopted will do away with the bad practice of importing wet jute.

(e) If the foregoing suggestion is given effect to, it would put the baled jute trade on an equitable basis.

11. There are local marts in Calcutta where ready jute is bought and sold principal buyers being the pucca balers. These marts have their own rules of purchase and sale.

The mills and balers buy jute for forward delivery through brokers on terms specified in the contract form. The Indian Jute Mills Association forms of contract are used in selling kutchra bales and cuttings to the jute mills. Balers have their own individual forms of contract for buying jute for forward delivery. Jute is being sold on the basis of standards and marks which are never fixed, so the sellers are put to much loss for such. For the benefit of the local jute trade the Government should fix the standards of looms jute by legislation. A Statutory Body of jute experts should look after its proper working. Samples of the standards be exhibited in principal jute marts of the jute growing provinces.

For the proper marketing of loose jute the establishment of a central organisation, with fixed standards of different grades of loose jute and a standard form of contract equitable to both buyers and sellers is essential.

12. (a) The jute grower either sells his jute in a near-by Hat or to a Faria who comes to buy it in his cottage. He sells his jute as it is in weighing jute a scale is used or a bundle is weighed and the rest are counted and made up into maunds and seers. Big growers carry their jute for sale to nearby office of merchants.

(b) There are various forms of allowance and deductions prevalent in different jute growing districts and the Committee do not propose to condemn any of them.

(c) The weight should be standardised on the basis of 80 siccas a seer and 40 seers a maund and should be enforced by legislation for weighing all the commodities.

(d) The cultivator sells his jute overhead to the Farias and Beparis and they in their turn to the merchants. In certain big centres like Mymensingh, Narayanganj, Chandpur, etc., the merchants buy jute on the basis of grades. In the absence of fixed standards it is not possible for the growers to take to grading.

(e) The only basis of standardisation should be the percentage of warp, weft and cuttings in weight taking into account the colour and the soundness and strength of the fibre.

(f) Necessary steps could be effected to assort according to such standard in muffasil markets.

(g) A Statutory Body consisting of representatives of Chambers of Commerce.

(h) Information as to Calcutta market prices should be conveyed to the producers by wire and wireless. They should contain the quotations of loose jute of various grades and the amount of business done from day to day. The producers now-a-days get fatka quotations through radio wherever there is radio-installation and through the daily vernacular newspapers full jute market reports.

13. (a) The Committee consider that the establishment of regulated market is desirable.

(b) Such a market should operate over important jute growing area.

(c) Such markets are likely to attract buyers and sellers and it is necessary to limit dealings outside those markets.

(d) The Statutory Body for jute should select the sites of such market.

(e) The Marketing Committee should be constituted in the manner desired by the Statutory Body.

(f) Such a market should be financed by the Government.

14. Does not arise.

15. (a) The Co-operative Societies may operate successfully for the rural population of the jute growing districts.

(b) The basis on which they should operate should be sketched by the Statutory Body of each province.

(c) They should be financed by Government.

(d) The growers are likely to welcome such co-operative sale societies which will assure them better profit.

16. A well organised real jute futures market is almost indispensable for properly marketing a commodity like jute under the modern economic organisation of the world. The existing *fafka* markets are definitely detrimental to the best interests of the traders and the jute growers. The essential characteristics of a real Jute Futures Market are, (a) to give facilities to the grower of the commodity which is being dealt with in that market to sell against his growing crop, (b) to its importers to sell against their upcountry purchases, (c) to the manufacturer to buy the raw commodity against the sales of his finished products or to sell against his stocks, and (d) to the shipper to purchase against the sale of forward deliveries when the goods are still to be bought. Such a Jute Futures Market can alone be organised on the basis of standardised loose jute.

A real Jute Futures Market should be controlled by a Statutory Body representing all sections of the trade and should function under the Central Organisation.

The Committee do not propose to answer questions 17 and 18.

19. The margin of producer's profit can be increased by scientific method of cultivation increasing thereby the production and improved quality and also by improved methods of marketing.

20. The competition against the manufacturers resulted in the low price for jute goods and had an adverse effect on jute prices generally.

21. The fixation of minimum price is considered advisable but it is very difficult to maintain it as jute and jute goods are the principal commodities for export. If the distribution side of the fibre be placed on an equitable basis that would serve the purpose of securing the economic price of the fibre to the growers.

22. The Government should be prepared to buy jute at the minimum price fixed by them. This preparedness on the part of the Government will maintain the price level above the minimum price fixed.

23. The export tax mostly comes from the pocket of the cultivator. When the tax was fixed, the value of jute was higher than at present. So in these days of lower prices the burden of tax representing the bigger percentage of the actual export price falls upon the producer.

The Committee do not propose to answer questions 24, 25 and 26.

27. The manufacturer of bales roughly gets Re. 1 to Re. 1/4 per maund more for his jute exported than the price paid to the cultivator. The middlemen are the necessary adjuncts to the trade which is carried from field to factory. Under the present circumstances it would not be possible to eliminate them. The producer can get a better return provided the higher rates of freight paid to the Railways and Steamship Companies be reduced.

28. The practice of pledging crop by the growers is being discontinued and it is expected that the Agricultural Debtors' Act will bring about its natural death.

29. Theoretically it is possible to reduce the difference between prices of raw jute and manufactured goods by reducing the cost of manufacture. The cost of manufacture can be reduced by reducing the overhead expenditure and increasing the efficiency of labour.

30. When supply was not in excess of demand the regulation of production of manufactured goods have favourably influenced the prices of raw jute.

31. The price of manufactured goods can be raised if the jute mills resorted to a regulation of production by agreement. Similar voluntary scheme can be worked out even now successfully. But the stocks of manufactured goods being heavy the extent of its actual success may not be fully reflected by the price level, it will reach. My Committee would not advocate compulsory restriction by legislation.

32. Any reasonable restriction of manufactured goods will have its beneficial effect on raw jute prices but may not be proportionate due to very many factors, viz., supply of raw jute cultivator's holding capacity, international and internal political situation, vagaries of speculators, etc.

If the cultivators are as well-organised as the industries are, they can realise the proportionate price for fibre on the basis of the price of manufactured goods.

33. (a) The Eastern Bengal Railway freight is in excess for jute for similar distances as charged by the East Indian and Bengal-Nagpur Railways. Further where there is no steamship competition, the Eastern Bengal Railway charges more freight in comparison to the freight charges by them where the steamship companies stand as competitors. The inland and overseas freight are also high.

(b) The marine and fire insurance charges appear to be reasonable.

(c) We recommend a reduction of 25 per cent. in freight rates charged for jute by the railways, the Inland Steamship Companies and the overseas liners.

34. (a) The trade does not put any reliance on the forecasts published by the Provincial Government.

(b) The private firms gather information through their agents in upcountry.

35. We do not know the Government system of compilation of the Jute Forecasts. But the compiled figures invariably have been unsatisfactory.

36. Being ignorant of the system we may not suggest anything.

37. A reasonably accurate forecast may be obtained by a direct method of field to field survey. If the cost be too much Government need not bother about the publication of such forecasts as the private firms generally estimate the size of the crop, fairly, accurately that would serve the purpose of the trade.

38. If the forecast figures of the last two seasons be the outcome of random samplings it would be better to abandon the produce.

39. It is possible to obtain accurate figures for actual arrivals of jute in Calcutta and Chittagong and the stocks in the hands of the upcountry pucca bales but it is doubtful whether accurate figures of stocks in the hands of middlemen and cultivators be obtainable.

40. Legislative compulsion would not be required to get the stock figures from the holders thereof provided the officials requiring them be not unnecessarily bureaucratic.

41. The forecast be published district by district over a number of days as at present.

**Replies to the questionnaire issued by the Jute Enquiry Committee
by Bengal National Chamber of Commerce.**

1. (a) (i) Yes. It is presumed, however, that the term "restriction" is used in a non-technical sense signifying regulated production of the crop according to the conditions of demand.

As for the reasons underlying this view the Committee would re-iterate the observations made by them in their reply to the questionnaire issued by the Bengal Jute Enquiry Committee in 1933. There is no co-relation between supply and demand, a fact which explains violent fluctuations in the price of jute, often to the prejudice of the cultivators. The degree of maladjustment is clearly borne out by the fact that a rise in price in particular season whatever it may be due to, induces expansion of cultivation despite the fact that there may be no real increase in demand. The resultant excess supply in the next season naturally leads to a fall in price.

The cultivators, who are ignorant, scattered and ill-organised cannot adjust supply to demand, indeed, being poor and unable to hold on the crop they compete amongst themselves to dispose of their respective holdings, thus tending to lower the price of jute. By a scheme of regulated production alone can the cultivators be accustomed to and educated in the necessity of adjusting supply to demand.

It is true that an excess supply in any particular year resulting in a set-back in the price of jute is usually followed by a curtailment of production, but this does not dispense with the necessity of regulation as the subsequent restriction of crop in such case does not prevent the full amount of injury being inflicted on the cultivators. Besides the carry overs from the excess supply of a particular season may seriously detract from the effectiveness of such voluntary curtailments in the following season in the matter of raising the price. What is needed is anticipatory regulation based on the estimates of probable demand and not the natural check exercised by adverse experience in the past.

(ii) The object of effecting the desired adjustment by regulated production of the crop is to avoid violent fluctuations in the prices of raw jute from year to year and also to ensure an economic price to the cultivators in consonance with the prevailing prices of manufactured jute.

(b) The question does not arise.

2. (a) The policy of voluntary restriction has not in the opinion of the Committee, so far yielded results which were expected of it. In some years, particularly in connection with the sowing of the present year's crop, the policy appears to have completely failed.

(b) The policy of voluntary restriction has not made any tangible impression on the prices of raw jute, though it is fair to admit that in recent years the supply factor alone could not have exerted very effective influence on the price of raw jute owing to the dislocation in the jute industry. The marked curtailment of the crop in 1935-36 of course gave an impetus to the prices of fibre, but this was to be attributed more to the heavy damages to the crop of the year caused by floods in several districts. In the present year a similar

mild spurt in the prices of raw jute has been brought about by the shortage of the crop due to damages caused by floods which was timely reinforced by the promulgation of the Jute Ordinance. So far as the present year's crop is concerned it is not possible to make any accurate estimate of the extent to which prices have been stimulated by these extraneous factors as one cannot make any positive assertion as to the extent to which the prices might have fallen in the absence of these factors.

(c) There have been some variations in the surplus stocks of jute held by the various interests as noted below:—

(i) The accumulation of stock held by growers, aratdars, farias and beparies in the mufassil may be indirectly calculated on the basis of the difference between estimated outturn and actual arrival at ports:—

	In lakhs of bales.		
	Outturn.	Arrival.	Difference.
1935-36	72.4	81.8	9.8
1936-37	96.3	107.4	11.1
1937-38	86.2	99.9	13.7

It is evident, unless the estimates of outturn were grossly inaccurate that the excesses of port arrivals over the estimated outturn were accounted for by the release of stocks accumulated in the mufassil in the hands of growers, aratdars, farias and beparies. In so far as the figures of these excesses are found to have gone up from year to year, it is naturally to be presumed that the policy of voluntary restriction did not help much to reduce the surplus stocks in the mufassil.

(ii) The stocks of jute in the hands of balers, however, appear to have gone down if the same are calculated on the basis of the difference between port arrival of jute and export *plus* mill consumption, assuming, of course, that this difference goes mostly to replenish the stocks of the balers, of whom quite a large number deal in loose jute also:—

Year.	Port arrival.	Mill consumption.	Export.	Total.
1934-35 ..	98.3	60.54	49.3	-11.54
1935-36 ..	81.8	47.78	41.4	-7.38
1936-37 ..	107.4	63.56	48.8	-4.96
1937-38 ..	99.9	(not available)	..	..

(iii) The stock of raw jute held by mills within the membership of the Indian Jute Mills Association has also diminished to some extent:—

(In lakhs of bales.)					
1934-35 .. ..	..	..	..	..	65.7
1935-36 .. ..	..	..	..	..	55.8
1936-37 .. ..	..	..	..	..	50.7
1937-38 .. ..	..	..	..	..	..

(iv) The stock of jute goods held by Indian mills on the other hand marked a sharp increase during 1937-38 from the usual level of 5 lakhs of bales :—

1934-35	..	..	..	..	5.4
1935-36	..	..	..	..	5.2
1936-37	..	..	..	..	4.6
1937-38	..	..	..	..	..

There was a phenomenal increase in 1937-38, the stock of Hessian alone have amounted upto the record level of 50 crores of yards as compared with the usual average of 10 crores.

(d) A scheme of voluntary restriction cannot be fully effective because of the fact that it does not convey any assurance that all the cultivators would be actuated by the same spirit of curtailing their respective crops with a view to reap the common benefit. The scheme has been further handicapped by the prevailing uneconomic prices of other alternative crops.

(e) Obviously, the first of the drawbacks noted in the foregoing paragraph can be removed only by the initiation of a scheme of compulsory regulation of the crop. As for the other drawback effective steps have to be taken not only to raise the prices of the alternative crops but also to make such crop more widely known to the cultivators through demonstration and propaganda.

(f) Some of the interests mentioned in the question are reported to have lent their ungrudging co-operation to the working of the voluntary scheme, though all the interests concerned were a bit sceptical about the effectiveness of the scheme and thus lost much of their initial enthusiasms about it.

3. Regarding the use of alternatives or substitutes for jute and jute goods the position has not materially changed since 1933. The Committee of the Chamber would, therefore, invite a reference to the following observations which they had made in their memorandum submitted to the Bengal Jute Enquiry Committee :—

Though the jute industry of India has not yet met with any formidable competition, the time has, however, arrived for those who have the welfare of the industry at heart to take stock of the position and envisage the magnitude of the potential competition from the diverse substitutes that are slowly and steadily getting perfected. Already, it appears, that an appreciable amount of the trade in jute manufactures has been hard hit by the use of elevators and bulk shipment in the grain carrying trade. While it is next to impossible to estimate the present and potential loss, it cannot be gainsaid that the establishment of each grain elevator whether in Australia or Canada or elsewhere means the loss of market for thousands of gunny bags.

Textile yarn made from wood-pulp and of 5 to 10 counts is offering a certain amount of competition to the jute textiles on the continental countries. This yarn has elasticity and tensile strength, sufficient enough at least to be woven into fabrics. Though the paper yarns of United States of America, Germany and other continental countries do not have the strength of jute, they seem to resist better the wear and tear and have consequently replaced jute and packing

substances inside electric cables. Cement bags are also coming to be made of paper.

As regards natural substitutes, jute has not had so far any competition worth serious attention. There are, however, certain fibres such as Rama, Cokra, etc., of West Africa, Mehosome of tropical America and hemp grown in Phillipine Islands, that seem to have found favour in certain quarters as the possible substitutes for the jute fibre.

It must, however, be remembered in this connection that similar hopes were entertained in former years of other fibres and none of them have promised commercial success. In spite of all the defects that jute may possess and in spite of all the merits that may be claimed for its substitutes whether artificial or otherwise, it is certain that so long as the price of jute is kept within reasonable limits, there is absolutely no possibility of its being ousted by its substitutes at least in the immediate future. It may be that cotton bags, for instance, may be found more suitable for certain purposes, but then its cost would be high enough to leave an advantage in favour of jute. The only way in which its total elimination in any importing country may be effected is by its being excluded in toto by the Governmental authorities of that country. The Indian interests and the Government must be ever vigilant to see that no such steps are ever adopted by any country.

It is also not impossible to reduce the cost of production of jute manufactures by improved mechanical contrivances and selection of superior varieties of seeds. This would help to regain some of the lost trade.

It must be understood, however, that all that the jute trade has lost is not due to the use of substitutes. The "exchange control" of Germany and other continental countries account in a very large measure for the fall in the Indian jute export trade to those countries.

4. The Committee advocate the policy of compulsory regulation. They, however, recognise that the initiation of such a policy will require certain preliminary measures, that cannot be adopted all at once and may have to be executed over a period of say, 3 to 5 years. Pending the initiation of the compulsory scheme, the Committee consider that the system of voluntary restriction should be continued with necessary improvements to make it more effective. In the opinion of the Committee the effectiveness of the voluntary system is likely to be considerably enhanced by the adoption of a scheme of sustained official propaganda, which is now confined to a few months immediately preceding the sowing of the crop.

5. (a), (b) and (c) Regarding the issues raised in these questions the Committee would like to reiterate the following observations which they had made in reply to an almost identical question made by the Bengal Jute Enquiry Committee in 1933:—

"Regulation of production has been attempted in recent years in respect of such agricultural staples as rubber, sugar, coffee and tea, while control of saleable supply has been experimented in regard to wheat, cotton and also coffee. The Stevenson Plan for rubber restriction, the Chadbourne Plan for control of sugar manufacture (which, however, is a manufactured product) as well as the Tea Restriction Scheme of 1930 may be mentioned as instances of experiments made to

regulate production. For illustrations of regulated supply in the market, the Coffee Valorisation Scheme in Brazil, the wheat and cotton control in the United States of America and Canada and the recent Tea Export Restriction Scheme that is being negotiated between the Governments of producing countries may be referred to. These schemes have mostly failed but their failure does not offer justification for apprehending similar consequences in respect of an attempt to regulate the production of jute. There are some obvious differences in the conditions of production of jute and other agricultural staples mentioned before. Such differences reveal certain advantages possessed by jute over these agricultural commodities and the latter suggest the feasibility of successfully working out a scheme of regulated production. The commodities in respect of which the experiment failed had an international market drawing upon several sources of supply. The scheme of control was, therefore, necessarily to be based on an agreement between the growing countries which were all anxious to dispose of their respective supplies. The accentuation of depression and the accumulation of stock seriously undermined the moral strength of the agreement supporting the restriction schemes, and the latter ere long succumbed to the recrudescence of unrestrained competition. The same forces annihilated the restriction schemes designed for control of marketing particular articles. The possibility of such consequences in the case of jute is precluded by the monopoly conditions in which the fibre is grown, in the sense that its production is concentrated in a very limited area under the jurisdiction of practically one Government.

It is true that in one respect the question of controlling production is rendered more difficult in the case of jute than in the case of commodities like tea or rubber in so far as the production of the latter being organised on a large scale capitalistic basis is more easily amenable to the acceptance of restriction schemes, while control of jute which is grown by unorganised individual cultivators on small plots of land may encounter greater practical impediments. But the latter circumstances do not in any way detract from the special advantages inherent in the nature of jute which assure success to the adoption of a regulation scheme, but only point to the necessity of having a highly efficient organisation and a well-devised scheme of control which should be worked in such a way as not to levy any loophole for evasion. Such a scheme would in the case of jute be thoroughly sheltered from any external source of danger, so long as the price is kept at a reasonable level and consumers are not induced to find cheaper substitutes. Further, there is the factor specially favourable to jute that so long as **world trade** subsists, even though seriously diminished by the effects of depression, there will continue to be a minimum demand for jute and jute manufactures for the bagging and packing of goods moved from place to place."

Supplementing the observations made above, the Committee would point out that they recognise that the restriction schemes in connection with the articles noted above were mostly based on agreement that was very materially facilitated by the fact that the productive units in most of these instances were represented by large capitalistic organisations that are approachable individually and are open to persuasion to join negotiations for controlled production in the interest of the industry as a whole. Viewed in this light the instance of jute might appear to present certain difficulties arising directly from the fact that the crop is produced by millions of ryots scattered all over the province on

their respective individual plots. It is significant to note, however, that the case of jute also presents certain unique advantages that would go to support the initiation of compulsory regulation. Such advantages comprise—

- (i) a more or less steady demand;
- (ii) substantial carry-overs of stock of the mills, suggesting that the adjustments of supply can stand a small margin of error without entailing any serious consequences to the industry in the event of a small deficiency; and
- (iii) a constant yield of the crop per acre.

(d) As the essential preliminary to the initiation of compulsory restriction, steps should be taken to carry out a survey of the jute areas in the various districts with a view to prepare a jute census showing jute lands held by each cultivator, the area actually sown, estimated yield of the crop, etc. The survey should also comprise an investigation into the storage facilities available at present in the mufassil jute centres.

The regulation of production should be vested in a Statutory Board that will have to make estimates of the new crop in advance of the sowing season according to expected world demand. If this estimate necessitates a curtailment of the crop, the percentage thereof according to the various qualities of jute in demand and on the basis of previous year's crop will have to be settled and allocations made according to the various districts.

(e) Legislation is *sine qua non* of compulsory restriction and if it is ultimately decided to restrict cultivation of jute compulsorily legislation will have to be undertaken for the purpose. But as has been mentioned in reply to Question 5(d) certain preliminary steps will have to be taken before legislation can be enacted.

(f) (I) It would not certainly be very easy in the beginning to enforce a scheme of compulsory restriction and difficulties will naturally crop up. The most important difficulty that the Committee envisage is one of ensuring that each and all cultivators would not produce anything more than the quota allotted to him. The Committee, however, do not consider this to be insuperable, and they believe that with a little strict supervision by the local officials with the help of union boards and other official and non-official persons, it would not be difficult to work the scheme with a fair amount of success. Particularly in view of the fact that the Jute census will have to be carried out before the introduction of a compulsory scheme of restriction, the Government or the Statutory Board referred to in answer to Question 5(d) will have at their disposal all relevant information such as may help detection of any breach of the rules laid down in connection with the restriction.

It is presumed, however, that before the Government embark on a scheme of compulsory restriction of cultivation they will have to obtain an agreement to such a scheme from the other neighbouring provinces. The Committee need hardly point out that if no such agreement is arrived at, it would be extremely difficult to enforce compulsory restriction in Bengal.

(2) It is quite possible that cultivators, at least a majority of them, will not receive with enthusiasm any scheme for compulsory restriction. It is only because a voluntary scheme has failed to achieve the object that the question of introducing compulsory restriction arises and naturally a large number of cultivators would resent this active interference by the Government in regard to what they would consider to be their private affairs. But this consideration should not be given an undue importance by the Enquiry Committee or by the Government and it is to be hoped that in the wider interest of the country as well as in the interests of the cultivators themselves the Government will not be unduly influenced by the re-action of their policy on the cultivators.

(g) Answer to this question has already been given in the previous paragraphs.

(h) and (i) As already mentioned the consent of other provinces must be secured before the Government of Bengal introduce compulsory restriction into Bengal.

6. The rise in prices effected as a result of a compulsory scheme of restriction would lead to an increase in rent or rent value of the land to which cultivation of jute is restricted and it is possible that this rise in price may be sufficient even to re-act favourably on the rent of the entire land on which jute was cultivated before restriction was enforced.

7. The Committee do not attach any great importance to the question of alternative crops. For, in the first place, as has been already mentioned in answer to a previous question, a scheme of compulsory restriction should also provide for extension of cultivation at a future date if the conditions of world demand for jute justify such an extension. And, the Committee believe that with the gradual shrinkage in the stocks at present in the hands at the mills and brokers as a result of the curtailment of annual production and with a steady improvement in the general conditions of trade and commerce it would be possible and even desirable to extend the cultivation of jute after a few years. In the second place, the compulsory restriction of cultivation would result in an increase in the price of jute and would thereby provide an ample compensation to the cultivators for the theoretical loss which they would suffer as a result of restriction of output. There should, of course, be no bar to the cultivators themselves with the assistance of the Department of Agriculture to produce other suitable crops in the lands released by restriction of cultivation of jute.

8. (a) An estimate of probable demand for jute should be made in the first instance and due account will have to be taken of the stocks in the hands of dealers and mills both in India and abroad. The difference between the two will measure the volume of the new crop and the area to be cultivated in any year will have to be determined by a reference to this figure. Approximately correct figures of stocks in hand both in India and abroad are now available from trade returns and while the Government will have to depend on these trade returns for the stocks overseas, the mills and dealers within the country can be required by legislation to furnish periodical statement of the stocks held by them.

(b) As previously mentioned the task of enforcing legislation will have to be entrusted to a Statutory Board in which the Governments of neighbouring provinces will have to be properly represented.

9. So far as the Committee are able to forecast, the demand for jute is likely to expand in future. For some years past the demand for jute, as for other commodities, has been unduly depressed owing to a number of world factors and it is quite possible that with a general improvement in the condition of world trade the demand for jute would also increase. It is also true that jute is facing competition from substitutes but so far the potentiality of such competition has been found to be of little importance while new uses for jute goods are also being discovered.

10. (a) Jute is sold to buyers in Dundee according to the terms of contract of the Dundee Jute Importers Association and to the continental countries, America and Japan under a contract form issued by the London Jute Association.

(b) Jute is exported only in pucca bales of which certain standards of quality have been in use for a long time such as Firsts, Lightening, Hearts, Daisee, Tossa; these standards do not change from season to season as in the case of loose jute, nor do they vary from year to year though bales of jute belonging to the same category but bearing the mark of different balers (which are registered by the Calcutta Baled Jute Association) command slightly different prices according to the reputation of the balers in the import markets.

It should, however, be pointed out that there is no exact description of each grade and while the trade has a fairly good idea as to the quality that is expected to be delivered against each grade, the dealers have sometimes, in the absence of exact description by which the quality of the goods tendered may be tested, have to submit to the arbitrary decision of the arbitrators.

(c) Arbitrations in regard to jute sold to Dundee are generally held there while those in regard to exports to other countries are held usually in London. The Committee have been informed that recently a machinery for arbitrations has been set up at Hamburg and they have been further informed that arbitrations are generally dispensed with in regard to dealings with Japan as the parties mostly arrive at amicable settlements.

The system of home guarantee is very much objectionable in view of the fact that it places the seller of jute in this country absolutely at the mercy of the foreign buyers while the system of invoicing back is a standing proof of the domination by foreigners of the Indian jute trade. It empowers consignees in Britain to refuse to accept delivery and charging the full value thereof to the Indian consigners by getting an award of non-fulfilment of the specific terms of contract from an arbitration board in which Indians are not at all represented. Both these systems should be abolished and the Committee suggest that the centre of control thus exercised over the shipment of jute to foreign countries should be shifted to India where the function, now discharged by the foreign arbitration board, may be exercised by an expert representative institution like the Indian Coal Grading Board which would issue certificates of quality before permits for shipment are granted and whose decisions should be accepted as final. The Committee had made this suggestion in their Memorandum submitted to the Bengal Jute Enquiry Committee and they understand that a similar organisation has also been established in the Philippine Islands where an effective control over the export of Hemp is exercised by the Manila

and Hemp Grading Board. As in the case of the Indian Coal Grading Board it should not be difficult to give representation on the proposed institution to both sellers and buyers and the Committee believe that if this suggestion be accepted it would successfully reduce the number of complaints against irregular delivery and establish the reputation of Indian exporters abroad.

(d) *Vide* Answer to Question 10(c).

11. (a), (b), (c) and (d) The Committee would set forth below the observations made by them in 1933 in answer to an identical question issued by the Bengal Jute Enquiry Committee. The Committee very much regret that despite the attention of the Government having been repeatedly drawn to the absence of fixed standards of grades of loose jute no action has so far been taken in this respect.

The jute balers, generally speaking, purchase loose jute after making a rough assortment of the stuff into different qualities, and pay according to the quality of bales that may be made out of different assorted proportions of the raw fibre. The mills contract purchases on the basis of recognised grades such as 4 s, R s, LR, XLR, etc., distinguished according to varying percentages of warp and weft yarns that may be made out of the different qualities of jute.

The existing gradations are frequently manipulated by the mills and a persistent demand is being made for sometime for fixing the standards by legislation. It has been the most deplorable experience of the market that the gradations are lowered deliberately by the buyers by continuous buying off of only one grade, practically the lowest, e.g., XLR till it is exhausted, so that the stuff which was reckoned as the next superior quality, e.g., LR in the beginning of the season, is forced to be sold as XLR at the end of it. From the point of view of the middlemen, it sometimes involves extreme hardship, for they do not know what standard is to be delivered against the "Standard of the Mark" as laid down in the contract for sale. Often the system works to the serious detriment of the interest of the middlemen who are compelled to deliver jute of finer quality against contract for lower grade jute, the latter being interpreted to comprise the finer qualities with a view to yield an unfair gain to the buyer. Evidently, such manipulation ultimately reacts on the interest of the growers of jute to a certain extent.

The Committee do not, however, suggest the introduction of any fresh standards of quality besides those which have been evolved by the customs of trade; but they insist that the prevalent grades should be thoroughly specified by legislation and made unalterable by any interested party concerned with the trade.

12. (a) Producing cultivators sell their crop to Farias and Beparies who collect jute from the former and sell it to merchants of the mufassil centres.

(c) Yes, standard weights on the basis of 80 tolas to a seer and 40 seers to a maund should be enforced in all dealings in jute by legislation. It should, however, be stressed that local prices in many places are more or less adjusted to the local standards of weights and measures and that any fresh adjustment of these local prices to a uniform standard established for the whole province may take considerable time to be achieved. If in this circumstance, newly established uniform standard is enforced immediately throughout the province the result

would be a great hardship to a large number of persons who are not accustomed to the existing system of different standards for different localities. It is, therefore, necessary in the interest of both cultivators and of traders to apply the provisions of any enactment regarding uniform standards of weights and measures to the different parts of the province at such intervals as would cause the least dislocation in the business.

(d) and (e) The buying and selling of jute in the primary markets are conducted hardly on the basis of any settled grades and specifications, and differentiation in respect of quality are made in a rough and ready manner by the Farias and other purchasing agents. Attention is invited in this connection to the observations made in reply to Question 11 in regard to the frequent manipulation of the existing gradations in the loose jute market in Calcutta. The Committee consider that standards of grades for loose jute both in the primary markets and in the Calcutta markets should be enforced by legislation without undue delay. Standardisation should be based on a Warp and Weft guarantee.

(g) The specification of the standards should be left to the Indian Central Jute Committee.

(h) Undoubtedly the best means of conveying information as to Calcutta market prices to the rural centres is by broadcasting the news from Calcutta and setting up loud speakers at important market places. Even at present the Calcutta Station of the All-India Radio broadcast the daily price of the Futures market, though it is doubtful whether the information reaches all the producing centres.

13. (a) The Committee of the Chamber have always been in favour of establishment of regulated markets.

(b) The area over which the particular market should operate would depend on the convenience of growers in regard to the transport of the crops.

(c) Yes, such markets would naturally attract buyers and sellers though it may not be necessary in the beginning to prohibit dealings outside such markets. The facilities provided for in the organised markets will certainly have the effect of improving the general tone of the trade in the mufassil and even those who may not find it worthwhile to move the petty stocks to the markets will gain by their establishment.

(d) The sites should be selected by the District Magistrates in consultation with local traders and with due regard to the possibility of maintaining as far as possible the sites of the existing local huts.

(e) Market Committees should be constituted on a representative basis, equal representation being given to growers and to traders.

(f) The markets should be financed by the levy of a cess on growers.

14. The main object of creating marketing organisation, as the Committee had pointed out in 1933, is to remove the existing handicaps suffered by the cultivators who being scattered all over the province and thoroughly unorganised have to compete against well-organised and vastly resourceful consuming interests represented by the local manufacturers and shippers. An organisation that might help the cultivators should, therefore, be such that would really compensate for the lack of strength in the bargaining power of cultivators and the Committee would naturally welcome the establishment of such an

organisation if it were possible. The Committee, however, feel extremely doubtful as to whether it is feasible both for financial and on administrative grounds to set up an organisation which would help cultivators in disposing of their crops.

The Committee, however, believe that if regulated markets are established throughout the province and if, besides, licensed warehouses are set up making it possible for the cultivators to take loans from the commercial banks or co-operative credit societies on the security of the receipts issued by the licensed warehouses, the present handicaps suffered by them would to a great extent be removed.

15. The utter failure of the co-operative sales societies in the past is too well known to require a detailed mention. One of the reasons why these societies have failed is that they were run by people who were not cultivators and were not experienced in trade. If such societies have to perform their functions satisfactorily in future adequate consideration will have to be taken of this fact. Besides, the success of such societies would also depend on an extensive network which, however, will not be economical because of the small margin of profit and a top-heavy administration and also because huge capital expenditure will be necessary for handling the entire jute crop of the province.

16. (a) Generally speaking futures market has a steadying influence on the mufassil markets. The reasons are as follows:—

- (1) It enables a continuous holding of 7 to 8 lakhs of bales thereby providing a constant buying pressure on the market.
- (2) It ensures publicity of rates and indication of price movements throughout the province.
- (3) It provides hedging facilities to merchants and traders who have to purchase loose jute in mufassil markets.

It is extremely necessary that there should be a futures market for loose jute but an essential condition precedent to the setting up of such a market is the fixation of standards of loose jute beforehand.

(b) Yes, futures markets are necessary because they perform a very useful function by providing machinery for continuous trading which makes it possible for a suitable price being quoted for the commodity at any time, by minimising and smoothing out price fluctuations and by spreading over a long period of distribution of a short period over agricultural harvest.

It is, of course, necessary that futures markets should be controlled and the Committee would suggest the adoption of measures similar to those taken in regard to the cotton futures market in Bombay.

17. (a) The yield of jute per acre varies according to soil, climate and seeds.

21 and 22. While, in view of the very uneconomic price at present realised for jute, the Committee would welcome the fixation of a minimum price for jute, they are extremely doubtful if it is possible to enforce a scheme of minimum price. The reasons may be briefly stated as follows:—

- (1) Jute is a raw material and its price cannot, therefore, be fixed without reference to the price of finished goods. There is an essential difference between sugarcane and jute as in the

latter case Government have no control over the price of finished goods.

- (2) Enforcement of a scheme of a minimum price postulates compulsory regulation of crop which requires an elaborate administrative machinery not existent at present.
- (3) The enforcement of a scheme of minimum price will have to be supported immediately by the provision of suitable and adequate storage facilities in the mufassil for holding the crop temporarily against slackened purchases of jute by the mills and other buyers and also to meet the contingency of a surplus arising either from over-production owing to unexpectedly favourable weather conditions or from a sudden fall in the consumption of jute goods in any particular year.
- (4) Closely connected with the question of storage facilities is that of standardising the various grades of loose jute. The Committee have already stressed the necessity for fixation of standards, even independently of the question of fixing a minimum price, and they are strongly of opinion that if minimum price has to be fixed it will have to be done on the basis of certain fixed standards of quality of loose jute. It may be suggested, on the other hand, that if the statutory minimum price for jute is made applicable to the lowest standard of the fibre, the superior grades will secure their respective economic price by automatic adjustment to the lowest. Such a view of the problem does not, in the opinion of the Committee, take serious account of the prevailing conditions of the jute trade which enable the mills to concentrate their purchases on particular grades, often the lowest, and thus create serious embarrassment in regard to the disposal of the superior grades.
- (5) Fixation of a minimum price would also involve heavy financial commitments on the part of the Government in order to guard against the risk of eventual failure of the scheme. The mills in India as well as those situated outside keep a stock of about 6 months' requirement of jute which makes it possible for them to continue their manufacturing operations for the period even by completely suspending their fresh purchase of the fibre. The result would be that primary markets would be confronted with huge stocks of unsaleable jute and the responsibility on this score will ultimately devolve upon the Government as after the initiation of compulsory regulation of the crop and the fixation of the statutory minimum price they would not be able to allow the scheme to collapse without provoking serious agrarian troubles. The Committee attach special significance to this point because they consider that in a well-thought out scheme to be implemented after completion of necessary preliminaries it may be possible to shift the entire burden of holding the stock in such circumstances to private financiers who would fit in as natural link in the organisation of the trade.
- (6) Lastly, it would also be necessary to secure co-operation from other jute growing provinces, though the Committee do not believe that this difficulty is insurmountable.

**Statement of the Answers of the Jute Balers' Association to the
Questionnaire issued by the Bengal Jute Enquiry Committee,
1938.**

1. (a) (i) My Committee advocates the policy of regulation of production of the jute crop and not restriction merely.

(ii) To adjust supply according to consumption and to assure an economic price to the grower.

(b) Does not arise.

2. (a) The policy of voluntary restriction followed since 1935 has in the opinion of my Committee met with little success. The following figures will tell their own tale:—

PRODUCTION.

(In bales.)

Season.		Final forecast.	Revised figure.	Total arrivals.
1929-30	..	97,67,000	1,03,85,200	1,04,54,000
1930-31	..	1,12,31,000	1,12,54,800	1,00,75,000
1931-32	..	55,60,000	55,66,500	65,41,000
1932-33	..	58,44,600	70,97,100	86,63,000
1933-34	..	79,33,200	82,12,100	89,44,000
1934-35	..	79,63,800	85,25,400	97,91,000
1935-36	..	63,95,700	72,39,600	81,49,000
1936-37	..	87,35,800	96,35,900	1,06,97,000
1937-38	..	86,17,700	86,80,500	99,97,500

(b) The declaration of the policy of restriction by the Government in 1934 checked the rot in the fatka market and imparted steadiness to the price of jute all round. The world demand for jute also increased during the period as will be evinced from the following figures:—

CONSUMPTION.

(In lakhs of bales.)

(a) *Local Mills.*

Season.		Stocks.	Receipts.	Consumption.
1929-30	..	38.00	60.00	63.50
1930-31	..	34.50	65.00	48.00
1931-32	..	51.50	35.00	44.50
1932-33	..	42.00	50.25	45.75
1933-34	..	46.50	46.50	48.75
1934-35	..	44.25	54.35	51.50
1935-36	..	47.00	44.25	51.25
1936-37	..	40.00	60.75	65.75
1937-38	..	35.00	63.25	71.00

(b) *Foreign Mills.*

Season.		Stocks.	Receipts.	Consumption.
1929-30	.. ..	19·00	45·00	47·00
1930-31	.. ..	17·00	34·00	36·00
1931-32	.. ..	15·00	31·00	31·00
1932-33	.. ..	15·00	35·00	35·00
1933-34	.. ..	15·00	42·25	40·25
1934-35	.. ..	17·00	43·75	41·75
1935-36	.. ..	19·00	41·26	41·25
1936-37	.. ..	19·00	48·75	46·75
1937-38	.. ..	21·00	37·50	39·50

Price Movements.

Season.	First Grade.		8 oz. Hessians.	
	Highest.	Lowest.	Highest.	Lowest.
	£ s. d.	£ s. d.	£ s. d.	£ s. d.
1929-30	67 0 0	44 0 0	17 2 0	10 1 0
1930-31	44 0 0	26 0 0	10 12 0	7 6 0
1931-32	45 0 0	24 0 0	9 13 0	6 15 0
1932-33	39 0 0	23 0 0	12 1 0	7 7 0
1933-34	33 8 0	23 8 0	11 10 0	8 4 0
1934-35	39 0 0	23 8 0	10 2 0	8 6 0
1935-36	39 8 0	29 4 0	9 14 0	7 6 0
1936-37	45 0 0	29 0 0	10 7 0	6 14 0
1937-38	39 12 0	27 12 0	8 6 0	6 4 0

The following yearly average prices of principal fibres from 1934 to 1937 will show that the rise in price of jute in contrast to the general rise in prices of other fibres of equal or near about value was much less although it is the monopoly product of India and the world demand for this fibre is steadily on the increase for the sacking and packing purposes :—

YEARLY AVERAGE PRICE OF THE PRINCIPAL FIBRES.

Fibres.	1934.		1935.		1936.		1937.	
	£	s. d.	£	s. d.	£	s. d.	£	s. d.
Flax Liv (ZK)	61	10 0	79	10 0	62	10 0	78	10 0
Italian (PC/SB)	54	10 0	76	10 0	68	10 0	68	0 0
Manila (K)	53	5 0	17	2 6	23	15 0	30	0 0
Sisal (Ap. No. 1)	15	15 0	19	10 0	27	10 0	27	5 0
New Zealand (H. P. E.)	15	5 0	18	10 0	22	0 0	27	15 0
Jute (Firsts)	15	10 0	18	10 0	18	7 6	20	10 0

(c) The surplus stocks held in mufassal and the pucca balers have been reduced but the credit of it cannot be claimed by the working of the policy of voluntary restriction as the same had not been a success.

Reduction in stocks was due to other factors such as, untimely and excessive rain, floods as well as the improved world demand. The full answer of the question is given by the following stock figures:—

Stocks.

(In lakhs of bales.)

			Mills.				Total World stock.
			Local	Foreign.	Mufassal.	Calcutta.	
1929-30	..	..	38.00	19.00	10.00	5.00	72.00
1930-31	..	..	34.50	17.00	15.00	5.50	72.00
1931-32	..	..	51.50	15.00	25.00	6.00	97.50
1932-33	..	..	42.00	15.00	22.00	6.00	85.00
1933-34	..	..	46.50	15.00	18.00	8.25	85.75
1934-35	..	..	44.25	17.00	20.00	10.00	91.25
1935-36	..	..	47.00	19.00	14.00	10.00	90.00
1936-37	..	..	40.00	19.00	10.00	6.00	75.00
1937-38	..	..	35.00	21.00	5.50	3.50	65.00

(d) The intelligentsia of the province who could have carried on tearing and raging propaganda to restrict the sowings of jute as they did under the leadership of Deshbandhu C. R. Das in 1924-25 were not there to do it on political grounds. Very few persons who carried on the roving propaganda organised by the Special Officer, Jute Restriction Scheme, knew their subject well to convince the growers of the efficacy of restriction. No concerted systematic and localised propaganda was carried.

(e) The defects can be remedied if the regulation of the jute crop be conducted on the lines suggested by Mr. G. S. Dutt in his supplementary note to the Majority Report of the Bengal Jute Enquiry Committee, 1932 (Appendix A).

(f) My Committee do not think that all the persons named have given their full co-operation to make the scheme effective although medals were awarded to a few speculators and although a few associations contributed money to the Government.

3. (a) The question of alternatives or substitutes is as old as the jute trade. Alternatives, such as, bulk handling of grains and cereals seem to have affected permanently the consumption of jute goods but the fibres claiming to be substitutes for jute have not yet established in a manner which could be taken as affected the consumption of jute permanently. The world economic structure after the great European War is in the process of being reshaped, remodelled and remoulded. Aggressive economic nationalism and self-sufficiency form the background of the economic development of most of the countries of the world. Certain fibres claim to substitute jute but the trend of prices noted above shows that jute being the cheapest fibre may not be affected

permanently. The following actual consumption figures since 1917-18 to 1937-38 do not corroborate the apprehension that jute is losing ground in favour of so-called substitutes.

ACTUAL CONSUMPTION OF JUTE.

(In lakhs of bales.)

Season.			In local mills.	In foreign mills.	Total.
1917-18	..	..	55.00	17.00	78.00
1918-19	..	..	53.00	22.00	77.00
1919-20	..	..	50.00	30.00	80.00
1920-21	..	..	51.75	25.00	76.75
1921-22	..	..	43.75	31.00	74.75
1922-23	..	..	46.00	33.00	79.00
1923-24	..	..	50.50	37.00	87.50
1924-25	..	..	56.00	37.00	93.00
1925-26	..	..	54.00	37.75	91.75
1926-27	..	..	57.50	42.00	99.50
1927-28	..	..	61.00	45.75	106.75
1928-29	..	..	53.00	48.00	106.00
1929-30	..	..	63.50	47.00	110.50
1930-31	..	..	48.00	36.00	84.00
1931-32	..	..	44.50	31.00	75.50
1932-33	..	..	45.75	35.00	80.75
1933-34	..	..	48.75	40.25	89.00
1934-35	..	..	51.50	41.75	93.25
1935-36	..	..	51.25	41.25	92.50
1936-37	..	..	65.75	46.75	112.50
1937-38	..	..	71.00	39.50	110.50

(b) World economic forces are responsible for the discovery of substitutes or invention of alternatives to jute. It cannot be said that the price of jute alone has brought them into existence. A fiscal policy, exchange restriction, currency devaluation and preferential trade agreements between countries, setting up quotas, etc., are the principal responsible factors in restricting consumption of jute goods in certain countries and have given incentive to the use of fibres grown in those countries.

(c) The world consumption figures given above do not indicate that the use of substitutes is likely to expand.

4. (a) My Committee advocate the continuation of an improved system of voluntary regulation of the jute crop preferably on the lines suggested by Mr. G. S. Dutt in all the jute-growing provinces (*vide* Appendix A).

(b) My Committee is definitely against compulsory restriction of the jute crop.

6. It will depend upon the compensation that the State would pay for the land which will not be allowed to grow jute and the value of the crop grown on it and the price realised by the jute crop.

7. (1) Subject to the reply to 4 (a). Aus paddy and arhar are contemporaneous crops with jute. Most of the high lands in jute-growing districts can be utilised in growing cotton in view of the number of cotton mills started in this province.

(2) It is possible and necessary to subsidize the alternative crops.

8. (a) On the basis of estimated world consumption and estimated average outturn per acre. Figures for existing stocks are always compiled by the trade and they can be relied upon.

(b) A provincial statutory body representing the jute-growing provinces.

9. Expression of views as to the future world demand for jute will be pure and simple speculation and may not serve any practical purpose. Various reasons can be put forward either in favour of or against expansion or contraction of demand for jute. It may, however, be hazarded that if armed pacifism as at present prevalent in international politics continues it will expand to a certain extent for few years to come. Scientific researches may find new uses for jute.

10. (a) Jute to Dundee is sold on terms contained either in the London Jute or Dundee Jute Importers' Associations form of contracts. To other countries on the terms of London Jute Association form of contract.

(b) Business for export are done on the fixed standards of quality. Trade has fixed the standards and they do not vary like the kutchha bale standards.

(c) Arbitrations are held in Dundee or London by the arbitrators appointed by the Dundee or London Jute Association as the case may be. Arbitrations are also held occasionally in Hamburg when the buyers have purchased on this stipulation.

The practice of granting Home Guarantee Letter with the provision of Invoicing Back to cover a parcel of jute sold for export is a personal affair of a baler; they are not provided for in the Calcutta Baled Jute Association form of contract. But it has become a practice with the balers to grant such Guarantee Letter with the proviso of Invoicing Back Clause to the Shippers.

The monopolistic nature of jute when viewed from the nationalistic standpoint urges one to express his views condemning the practice of granting such Guarantee Letter.

(d) The Government should appoint a statutory body of jute experts to examine parcels of jute exported from India for granting a certificate of "up to standard of the grade". This practice will obviate all unnecessary arbitration procedure in a foreign country. This procedure if adopted will do away with the bad practice of importing wet jute and packing wet.

(e) If the foregoing suggestion is given effect to, it would put the baled jute trade on an equitable basis.

11. There are local marts in Calcutta where ready jute is bought and sold, principal buyers being the pucca balers. These marts have their own rules of purchase and sale.

The mills and balers buy jute for forward delivery through brokers on terms specified in the contract form. The Indian Jute Mills Association forms of contract are used in selling kutch bales and cutting to the jute mills. Balers have their own individual forms of contract for buying jute for forward delivery. Arbitration procedure of the Bengal Chamber of Commerce is not considered to be ideal but on the other hand non-members have to pay heavy arbitration charges. Jute is being sold on the basis of standards and marks which are never kept fixed, so the sellers and the growers are put to much loss for such variation. Attempts have been made in the past to fix the different standards by agreement between the Indian Jute Mills Association and the Bengal and Calcutta Jute Dealers' Association but no permanent and stabilised standards could be established. For the benefit of the local jute trade the Government should fix the standards of loose jute by legislation. Tops, Middles and Bottoms should form the standards. A statutory body of jute experts should look after its proper working. Samples of the standards be exhibited in principal jute marts of the jute-growing provinces.

For the proper marketing of loose jute the establishment of a central organisation, with fixed standards of different grades of loose jute and a standard form of contract equitable to both the buyers and sellers is essential.

12. (a) The jute-grower either sells his jute in a near-by *hat* or to a *faria* who comes to buy it in his cottage. He sells his jute as it is. In weighing jute a scale is used or a bundle is weighed and the rest are counted and made up into maunds and seers. Big-growers carry their jute for sale to near-by godowns or merchants.

(b) There are various forms of allowances and deductions prevalent in different jute-growing districts. My Committee favours abolition of all such allowances and deductions.

(c) The weight should be standardised on the basis of 80 siccas a seer and 40 seers a maund and should be enforced by legislation for weighing jute throughout the province. The present system of different sorts of weight at different places is harmful to the interest of the growers.

(d) The cultivator sells his jute overhead to the *farias* and *beparis* and they in their turn to the merchants. In certain big centres like Mymensingh, Narayangunj, Chandpur, etc., the merchants buy jute on the basis of grades. In the absence of fixed standards it is not possible for the growers to take to grading of jute. If the standards are fixed and samples thereof are exhibited in principal jute-purchasing centres in *mutassal* then it would be possible for the big growers to take to grading. The present purchasing policy of the mills being mostly confined to the lowest grade of jute can be changed if growers took to grading. It would fetch them a better price and variation in standards would be well-nigh impossible.

(e) The only basis of standardisation should be the colour and the soundness and strength of the fibre.

(f) No instrumental test would be possible but any expert should be able to give a correct idea of the standard.

(g) A statutory body of experts.

(h) Information as to Calcutta market prices should be conveyed to the producers by wire and wireless. They should contain the quotations of loose jute of various grades and the amount of business done from day to day. The producers now-a-days get fatka quotations through radio wherever there is such installation and through the daily vernacular newspapers full jute market reports but the same are not very helpful to the growers.

13. Indian Central Jute Committee announced sometime ago that they proposed to run Regulated Markets at Hajiganj and Sheorafulli. The experience gained will show the utility or otherwise of these markets. When they are working satisfactorily in cotton-growing districts of Central Provinces it is expected that they will also work successfully in the jute-growing districts of Bengal.

14 and 15. The suggestion contained in Answer to Q. 2(e) if resorted to corporate organisations as a matter of course will come into existence and will operate for the benefit of the jute-growers and the co-operative societies may be made to operate successfully for the rural population on the jute-growing districts.

16. A well-organised real Jute Future Market is almost indispensable for properly marketing a commodity like jute under the modern economic organisation of the world. The existing fatka markets miscalled Jute Futures are definitely detrimental to the best interests of the traders and the jute-growers. The essential characteristics of a real jute future market are (a) to give facilities to the grower of the commodity which is being dealt with in that market to sell against his growing crop, (b) to its importers to sell against their upcountry purchases, (c) to the manufacturer to buy the raw commodity against the sales of his finished products or to sell against his stocks and (d) to the shipper to purchase against the sale of forward deliveries when the goods are still to be bought. Such Jute Futures Market can only be organised on the basis of standardised loose jute. A Futures Market is intended primarily for the producer of raw material and it should provide the facilities for him to make hedge sales in it before his crop is harvested and also the exporters and manufacturers to buy their requirements in that market.

The existing fatka markets are run on the basis of baled jute denying the facilities enumerated in the foregoing paragraph to the producer and the manufacturer.

A real Jute Futures Market should be controlled by a statutory body representing all sections of the trade and should function under the central organisation suggested in the Answer to Q. 11.

19. The margin of producer's profit can be increased by scientific method of cultivation increasing thereby the production and improved equality and also by improved methods of marketing.

20. The competition amongst the manufacturers resulted in the low price for jute goods and had an adverse effect on jute prices gradually.

21. The fixation of minimum price may be considered advisable but it is very difficult to maintain it as jute and jute goods are the principal commodities for export. If the distribution side of the fibre be placed on an equitable basis that would serve the purpose of securing the economic price of the fibre to the growers.

22. The Government should be prepared to buy jute at the minimum price fixed by them. This preparedness on the part of the Government will maintain the price level above the minimum price fixed.

23. The export tax mostly comes from the pocket of the cultivator. When the tax was fixed, the value of jute was higher than at present. So in these days of lower prices the burden of tax representing the higher percentage of the actual export price falls upon the producer.

27. The difference between the price obtained by the cultivator and the price paid by the manufacturer or baler is roughly on an average Re. 1 to Re. 1-4 per maund. This difference is due to the freight charged by the Railway and the Inland Steamship Companies for carrying jute from up-country to Calcutta. The middlemen are the necessary adjuncts to the trade which is carried from field to factory and their exclusion will not help the growers. The producer can get a better return provided the higher rates of freight paid to the Railway and Steamship Companies be reduced.

28. The price of pledging crop by the growers is being discontinued and it is expected that the Agricultural Debtors' Act will bring about its natural death.

29. Yes, it is possible to reduce the difference between prices of raw jute and manufactured goods by reducing the cost of manufacture. The cost of manufacture can be reduced by reducing the overhead expenditure and increasing the efficiency.

30. When supply was not in excess of demand the regulation of production of manufactured goods has favourably influenced the prices of raw jute.

31. The price of manufactured goods can be raised if the jute mills resorted to a regulation of production by agreement as they did up to March 1936. Similar voluntary scheme can be worked out even now successfully. But the stocks of manufactured goods being heavy the extent of its actual success may not be fully reflected by the price level it will reach. On principle my Committee do not advocate compulsory restriction by legislation.

32. Any reasonable restriction of manufactured goods will have its beneficent effect on raw jute prices but may not be proportionate due to very many factors, viz., supply of raw jute cultivator's holding capacity, International and internal political situation, vagaries of speculators, etc.

If the cultivators are as well-organised as the industrialists are, they can realise the proportionate price for their fibre on the basis of the price of manufactured goods.

33. The Eastern Bengal Railway freight is in excess for jute for similar distances as charged by the East Indian and Bengal-Nagpur Railway. Further where there is no steamship competition, the Eastern Bengal Railway charges more freight in comparison to the freight charged by them where the steamship companies stand as competitors. The inland and overseas freight are also high.

The marine and fire insurance charges appear to be reasonable.

We recommend a reduction of at least 25 per cent. in freight rates charged for jute by the railways, the inland steamship companies and the overseas liners.

34. (a) The trade does not put any reliance on the forecasts published by the Provincial Government.

(b) The private firms gather information through their agents in up-country.

35. We do not know the Government system of compilation of the jute forecasts. But the compiled figures invariably have been unsatisfactory.

36. Being ignorant of the system we may not suggest anything.

37. A reasonably accurate forecast may be obtained by a direct method of field to field survey. If the cost be too much Government need not bother about the publication of such forecasts as the private firms generally estimate the size of the crop, fairly accurately that would serve the purpose of the trade.

38. If the forecast figures of the last two seasons be the outcome of random sampling it would be better to abandon the procedure.

39. It is possible to obtain accurate figures for actual arrivals of jute in Calcutta and Chittagong and the stocks in the hands of the up-country pucca balers but it is doubtful whether accurate figures of stocks in the hands of middlemen and cultivators be obtainable.

40. Legislative compulsion would not be required to get the stock figures from the holders thereof provided the officials requiring them be polite and reasonable.

Estimate of stocks outside India is available.

41. The forecast be published district by district over a number of days as at present.

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Appendix A.

Note by Mr. G. S. Dutt.

1. As mentioned in the footnote to page 10 of the Majority Report I am of opinion that the only way in which an effective regulation whether of production or of marketing can be secured is by the fixation of a quota of crop production for every district, subdivision, union board and village, and by securing joint action among the cultivators themselves with a view to endeavouring that such quota is given effect to on a voluntary basis. Joint action of this nature cannot be secured by general propaganda whether district by district, subdivision by subdivision or even union board by union board addressed to the general body of cultivators at random. Joint action will have to be secured on the part of the entire body of jute growers in every village. For this purpose a village Jute Growers' Association will have to be formed in each village which will work under the advice of competent propaganda officers to be maintained by the Jute Committee under the supervision of the Collector of the district. Such officers should, it is suggested, be of a status corresponding to that of Inspectors of Co-operative Societies, or at any rate, of Auditors of Co-operative Societies. A group of villages with a Jute Growers' Association in each village should be placed under each of such officers. Such village associations will furnish an excellent medium for a continuous adult education propaganda to be carried on by the officers mentioned above as well as by specialist officers of other departments of Government, not only for educating and guiding the cultivators in securing an effective regulation of crop production from year to year by voluntary action but also on every other aspect of the jute problem and its allied problems, viz., the organisation of co-operative credit societies as well as co-operative societies for marketing jute, the improvement of the quality of crop by seed selection, manuring, adoption of improved processes, the cultivation of alternative crops, development of cottage industries for the utilisation of hand spun or machine spun fibre, etc.

2. If only a general propaganda of a roving character is carried on merely for giving general advice as to the crop percentage to be grown instead of a concentrated, localised and sustained adult education propaganda of a comprehensive nature through a net-work of Village Agriculturists' or Jute Growers' Association covering the whole jute-growing area, it will not only be ineffectual in securing the result aimed at but will largely result in waste of money. One of the main reasons why so little advance is being made from decade to decade in securing agricultural and other improvement among the rural population in India is that since the gradual break-up of the old Indian village community there has been a complete absence of an adult education organisation of the above nature in every village. The smallest rural administrative unit that now exists in Bengal is the union board which does not represent an organic unit of the villages joined together by a common interest. A union board sometimes covers as many as 8 to 10 square miles and consists of a conglomeration of villages the residents of which rarely, if ever, have occasion to meet together and who work through a system of votes for electing a handful of representatives for carrying on the union board work. Such a

unit, while it can carry on many useful functions of local self-Government, as many union boards are doing now, can never function as an effective adult educational organisation of the nature contemplated above. The village agricultural association suggested by me is nothing but the whole body of agriculturists of each village, or at any rate, the whole body of jute-growers and not merely a small body of 8 or 9 elected men, whether representing one large village or a conglomeration of a number of villages. Such adult education organisations working on a voluntary basis and actively fostered by the State exist in most advanced countries among the rural population.

3. Denmark and Japan may be mentioned as outstanding examples in this connection. While such organisations should work on a voluntary basis there should be some system of registering them and giving them recognition as the regular agency through which the recommendations of the specialist officers of the departments of the State will be communicated to the individual cultivator.

4. Sir F. A. Nicholson in his interesting and informative book "Note on Agriculture in Japan" (published in 1907 by the Superintendent, Madras Government Press), gives an admirable description of the constitution, aims, objects and manner of functioning of the village agricultural associations in Japan and it would seem that the jute problem or for that matter the entire rural problem in Bengal can only be solved through the adoption of a similar organisation in this province. I cannot do better than quote below the relevant portions of Nicholson's description of these agricultural associations in his book mentioned above.

"Agricultural Associations.—Throughout the sections on Agricultural Education and Experimental Stations there has been frequent reference to Agricultural Associations, and these are among the most remarkable evidences and are becoming most powerful instruments of agricultural progress in the country. As pointed out by the far-seeing Director of Agriculture in France, M. Tisserand, it is impossible for a Government to influence individually millions of petty peasants; they are individually too isolated, too suspicious, too shy to accept new ideas, to undertake experiment in new methods; similarly, they are too poor, too powerless to produce the best products, to get the better of the middlemen and the best of the markets. There must be some organisation which enables Government to act upon a body of men at once and to serve as intermediary between the Government and the individual; an organisation which can be advised, educated, reasoned with, and listened to, which will discuss together the suggestions of authority, and will, through its better educated and bolder members, provide intelligence to absorb new ideas, find courage and funds to attempt new methods, and combine both for the improvement of products and for the better sale of the same. Similar views actuated not only the Government but the thinker of Japan, and the result is that practically the whole agricultural population of Japan is united in various forms of Association; probably there is no country in the world, not even Germany, where Associations have taken such hold and though dating only from the last few years, are beginning to exert such influence. The object of the Government is gradually to shift the work of agricultural development from the shoulders of

Government to those of the people themselves, recognizing that it is not that which is done for the people but that which is done by the people that is truly beneficial, and that real progress can come only from within; this shifting of work is impossible unless there are popular bodies to take on the work. Not only so, but there is much that even the most highly organized Government, short of that in an imaginary socialist Utopia, cannot possibly do or that it would be well for them to do if they could, for fear of obliterating self-help as a national virtue. Government can experiment and point the better way and educate the people into a readiness to accept that better way, but it is only the people themselves who can work out the several improvements. It is here that the associations step in; their experts and the more intelligent of the members receive and assimilate the new knowledge and not only work this knowledge into local fact but influence the more conservative or ignorant members into following their lead. The best explanation, however, of the functions of these associations will be found in the description of their correlation and work.

“Associations under the (revised) law of 1905.—These are the Agricultural Associations proper, and are divided into Prefectural, County (taluk) and Village Associations, of which there were recently 46 and 579 and 11,968 respectively, as compared with 47 Prefectures, 638 counties and 13,509 towns and villages. In the Aichi Prefecture with a gross population in 1903 of 1,692,744 in about 308,000 households, there were 210,750 members of Agricultural Associations. As will presently be seen membership is practically compulsory.

“Relationship of Associations.—These associations are not isolated but are all interdependent within the several prefectures.

“The starting point is the Village Association which consists of all the farmers of a village; each of these units elects a deputy and these within each county or taluk form the Taluk Association; these in turn elect deputies who constitute the Prefectural Association.

“Legal conditions of association.—The law provides that these associations, though juridical persons, shall not be business societies trading for profit; that is left to ordinary companies; they are simply associations formed to promote the interests of the agriculturists and the development of agriculture by experiment, discussion, education and so forth. The members of town and village associations shall be the proprietors and cultivators of land within the boundaries of the association; county associations shall be constituted from the town and village associations within the county and prefectural from the city and county associations within the prefecture. Before any village association can be formed not less than two-thirds of the persons qualified for membership shall consent, provided that such two-thirds own not less than two-thirds of the cultivable land; but when such association shall have been formed all persons qualified for membership must join it. The law makes provision for the working of such societies and for the appointment of deputies, officers and honorary members; the income of the associations shall be derived from its constituent members, whether persons or associations; and one curious provision

is that members of a village association may pay their fees in kind. The civic corporation within which an association is established may lawfully contribute towards the funds of such association. All associations must report on agricultural and other matters as required; these reports appear to be the basis of the very detailed statistics presented in the annual report of the Agricultural Department; they are also entitled to make suggestions on agricultural matters. The authorities have full power to examine the affairs and books of an association and to pass such orders as may be needed.

"General finance.—These associations, it will be noticed are financed by the members, i.e., by farmers' subscriptions, aided apparently by donations, since the village associations support those of the counties and these again those of the prefectures; the farmer pays for all. Per contra, the Prefectural Associations make grants-in-aid to the town associations whenever necessary and possible while the Government Imperial and Prefectural, materially assists the whole organisation by liberal subsidies to the prefectural societies according to the rules of March 1900. In 1905 the Imperial Government gave Rs. 3.45 lakhs in addition to the Imperial grants; these latter are, by the rules applied for and given to associations direct by Government. In 1905 the total expenditure of Prefectural Associations was Rs. 8.9 lakhs, so that more than half was provided by Government, either Imperial or Prefectural.

"Village Associations.—These are, perhaps, the most interesting of all, as we see in them what the farmers are able to do for and by themselves in their own villages. For these associations are simply the united cultivators (proprietors or tenants) of a village, and it is important to know what these men, whose farms average only 2½ acres, can do when instructed and united and led by the best local men.

"The village association gets down to the people even more than its name signifies, for the association may be subdivided into as many section or branches as there are hamlets of between 20 and 40 houses, in the village, and each branch has its own councillor in the association and also its own local head and councillors the latter representing groups of five houses; this method was decided in a general conference to be the best method of representing village opinion and of communicating information to the individual members. The same conference decided that every effort should be made to secure competent experts for village associations, viz., by offering a suitable salary, by providing that he should have a good position and receive suitable respect; by sending a student to an agricultural school at the expense of the association or of the Prefecture and employing him as their expert; in one Prefecture an expert has been appointed to each village association in several taluks and paid by the village associations with aid from the taluk associations; these officers are doing much good work.

"The following operations are undertaken by the village associations:—

(1) Cultivation—Seed selection, supply and exchange; establishment of special plots for seed-growing; improvements to seedbeds in

form, manuring, etc.; establishment of common seedbeds for all the members (a great saving in space, seed, and labour); the prevention and destruction of insect and other crop pests; encouragement of use of cattle; cultivation of green manure; improvements in compost; encouragement of second crop cultivation; improvements in the cultivation of rice; the wholesale purchase of manure from united funds; the destruction of field rats.

(2) Competitive exhibitions—of staple crops; of other agricultural products; of seedbeds; of growing crops; of improved methods of cultivation; of ploughs; of silk cultivation.

(3) Sericulture—United action in securing good seed and in preventing infection; in disinfecting; in providing suitable places for killing the pupæ and drying the cocoons; in the improvement of mulberry growth.

(4) Education—The establishment of temporary schools and lecturers; ditto for women; of night schools; of libraries; of agricultural bulletins.

(5) Secondary occupations—The cultivation of grasses (e.g., *Juncus effusus* and *balticus*) for mats; the weaving of mats; and of straw plaits; the growth of fruit trees and tea bushes and poultry; and the distribution of nests of eggs for breeding.

(6) Miscellaneous—The consolidation of fields; draining; the establishment of Industrial Guilds; the encouragement of thrift; the planting of trees and woods; the statistical investigation of agricultural and village business. Other miscellaneous work is the promotion of meetings, the payment of special honours to leading farmers, the lending of implements and machines, the education of students, etc.

“Whatever the primary influence which originated or stimulated the information of these associations, they are calculated both to arouse an interest in new ideas and to bring new ideas down to the farmer, and actually succeed in so doing; the whole country is being permeated with new ideas and stimulated to new action by the method thus adopted of getting at the individual farmer, viz., by forming these isolated units into societies, by dealing with them in the group, and by showing them the benefits of co-operative union and action. The mere perusal of the above is rich in hints and suggestions. One of the foremost is the opportunity which these and other associations give for reviving the position and influence of the village.”

5. It will be observed that the village Agricultural Associations in Japan have no coercive power whatever but are adult education organisations working through voluntary propaganda and persuasion. Without a network of village associations of the above nature covering the country and consisting of the entire body of jute-growers in each village, if not of all the agriculturists of the village, it would be impossible to educate the rural population within a measurable period

of time in the matter of agricultural improvement, intelligent self-help and combination generally in their common economic interest in co-operation with the departments of Government, or to help the cultivators to effectively regulate jute production from year to year according to the variations in the world demand.

6. Experience gathered by me in the district of Birbhum from 1916-1920 and in the district of Bankura from 1921-1923 goes to show that such organisations can be formed in Bengal and may produce results similar to those that have been obtained in Japan if they are given sufficient encouragement and assistance.* Government in their resolution No. 631T.—R., of the 7th June 1919 (Revenue Department), recognised the success which was attained by such village associations formed on a voluntary basis in the district of Birbhum; and given some support in the matter of finance and systematic official recognition and stimulus as has been done in Japan, there seems little doubt that such organisations could achieve permanence and grow in success and provide that medium for adult education and combined action among the rural population, particularly in the matter of agricultural progress, which is so indispensably needed.

7. It is hoped that with the expected restoration of a substantial share of the jute export duty to Bengal, funds will be available for financing not only the activities of the proposed Jute Committee but also the organisation of a system of village Agricultural Associations of the nature indicated above with the provision of a staff of propaganda officers recommended in the Majority Report whose duty will include organising, assisting and guiding the activities of these Village Agriculturists' or Jute Growers' Associations as the case may be. It may be added in conclusion that the organisation of a network of such village associations will, by furnishing a machinery for direct and first-hand information regarding village conditions, constitute the best guarantee for the accuracy of the jute forecast in future.

*See "A Practical Scheme of Agricultural Organisation and Rural Reconstruction in Bengal (1919) by G. S. Dutt, published by the Bengal Co-operative Organisation Society.

**Replies to the questionnaire of the Bengal Jute Enquiry Committee
by the East India Jute Association, Limited.**

1. The Association is in favour of adoption of a policy of scientific regulation of production. The objects that can be achieved by a scientific regulation of production are adjustment between supply and demand without causing violent disturbance to the price structure. In a way, spread over a number of years, the total supply adjusts to the total demand but in the absence of scientific regulation of production there are bound to be periods of over-supply and scarcity, more often, periods of over-supply which take a long time to adjust to the actual demand. During the period of adjustment the producers suffer as they have to part with their produce at low prices.

2. (a) In our opinion, the policy of voluntary restriction followed since 1935 has not been a success inasmuch as it has not helped to adjust supply and demand beyond what was being done naturally by the cultivators themselves before this policy was adopted. In the past, the cultivators have always regulated their sowings, influenced not by any statistics of supply and demand but purely by the price realised in the previous season. High prices in a season have always been followed by larger sowings and low prices have always induced the cultivators to reduce their sowings. The policy of voluntary restriction can be said to have failed because in no season the cultivators have reduced their sowings as they were asked to do.

Since the introduction of the policy of voluntary restriction, there has been a reduction in the stocks held by all parties concerned, but this, in our opinion, is not due to the policy followed but is due entirely to expansion of demand and due to climatic conditions affecting the size of the crop. Since 1935 there has been a very great increase in the demand for jute as can be seen from the fact that the mills in India which had been working 40 hours a week with 15 per cent. of their looms sealed were, up to a few days back, working all their looms and 54 hours a week and in some cases even more than that.

The outstanding difficulties in the policy of voluntary restriction are that it is difficult for the cultivator to realise and understand the significance of statistical information supplied to him, besides the cultivator is not sure that there will be any uniform restriction and therefore no cultivator likes to be penalised if others are not going to follow the advice tendered to them. Besides the sowing of jute is not done simultaneously all over the province. In certain parts sowing is done earlier in the season while in some parts it is done at a later stage. There is every possibility of those districts which have late sowings increasing their production if cultivators find that the other districts have sown less.

3. In our opinion the introduction of alternatives or substitutes has not permanently affected the world demand for jute; even during the worst period of the last depression, there was no substantial reduction in the demand for jute and jute goods as compared to other commodities. We hear occasionally of cases of substitutes being tried in place of jute but in our opinion these attempts will continue to be made irrespective of the price at which jute is sold. By this we do not mean that there will be no danger of substitutes if prices are pushed up very high but what we mean is that even if the price is

kept very low, attempts on an uncommercial scale will continue to be made to use other products. Such attempts have been made ever since jute assumed importance as a commodity but so far nothing has materially affected the consumption of jute goods. We have not got detailed information in our possession but a reference to the statistics during a long period will prove that in spite of all talks of substitutes during the last fifty years, the consumption of jute has continued to expand.

4. We advocate a policy of a combination of voluntary and compulsory restriction. There should be compulsory restriction only when it is absolutely necessary to do so. We have explained our scheme later on in connection with the question of fixation of a minimum price. The object of the scheme proposed by us is to avoid compulsory restriction so long as it is possible to do so. The scheme that we have proposed will ensure a fair return to the cultivators without much interference with individual liberty regarding production.

5. (a) As far as we are aware, compulsory restriction was successfully applied to rubber under the Stevenson plan which was only abandoned when prices had been pushed up too high. During the last few years, this has been successfully applied to several metals and to rubber and tea. The United States of America have also successfully applied a policy of a combination of voluntary and compulsory restriction in the case of cotton. An outstanding example of the success of restriction is the jute manufacturing industry itself, which has always regulated its production ensuring fairly large profits for the manufacturers.

(b) The policy of compulsory restriction has been effected by legislation and by co-operation between the Governments of the various countries concerned in the production of a particular commodity.

(c) Yes.

(d) If it is desired to adopt a policy of compulsory restriction, we suggest that a careful record should be kept of the area sown under jute by each cultivator and the amount of jute that is produced in each season. If in any particular season it is necessary to restrict production, no cultivation of jute should be allowed except under a licence to be issued on the basis of the records kept by the department concerned. It will be necessary to arrive at an arrangement between the sister provinces of Bihar and Assam. Just as the different producing countries have been allotted quotas in the case of rubber and tea, a similar system of quotas can be adopted in the case of jute, each province being allotted a certain quota on the basis of its average production.

As regards the administrative machinery we propose that, like the Tariff Board set up by the Government of India to examine all applications for protection by industries, a Jute Board consisting of two or three whole-time and paid members should be set up to advise the Government on all questions regarding jute.

(e) and (f) (1) We have already given in brief the outlines of the scheme. As regards the difficulties, financial or administrative, as far as we can see, these can only be known when the scheme is actually tried. The difficulties that may have to be encountered are want of an agreement between the different provinces and laxity of supervision. In our opinion, no scheme of compulsory restriction should

be embarked upon unless there is an agreement between the different provinces which produce jute. As regards laxity of supervision or chances of corruption by subordinate officials, this difficulty arises in the case of any scheme restricting the liberty of individuals but it is not a difficulty which cannot be overcome.

(2) As far as we are aware, the Bengal Jute Inquiry Committee made enquiries in the mofussil into this question and their finding is that the mofussil opinion would welcome a scheme for compulsory restriction. A great majority of the members representing rural interests in the Bengal Legislative are in favour of a policy of compulsory restriction.

(g), (h), (i) and (j) Have already been dealt with.

6. In our opinion, the effect of a policy of compulsory restriction on rent or rental value, would be beneficial. It should not be forgotten that the object of any scheme of restriction is to enable the cultivators to get a good price for their produce and if jute is sold at good prices it must re-act favourably on everything connected with jute.

7. (1) It is certainly not the intention of any scheme to permanently reduce the quantity of jute produced by Bengal. Therefore, the question of lands released as a result of compulsory restriction does not arise. We have already said that we are in favour of a policy of scientific regulation of production. This does not mean that for all time to come this province should produce a quantity less than what the world requires. At times it may be necessary to advise the cultivators to produce more. It is only when a bumper crop has been produced that it will be necessary to restrict the sowings in the next year. It is only when compulsory restriction is enforced that the question of released lands will come in. No compensation is necessary as the better prices realised as a result of restriction will be a good compensation in itself.

8. (a) The basis on which the area to be cultivated under any compulsory restriction scheme in any one year will be the excessive supplies in the hands of dealers and consumers and the probable demand in the succeeding season. As regards the estimate of the industrial stocks so far as the Calcutta dealers and the Indian mills are concerned, it is not at all a difficult matter. A clause may be inserted in the proposed legislation that any body dealing in jute either as a consumer or as a middleman shall have to supply the figures of the stocks held.

There are some difficulties regarding the stocks held by overseas consumers, but the trade in general is able to form a fairly accurate estimate of such stocks.

(b) The Jute Board that we propose should be the final authority to decide this question.

9. In our opinion the total world demand for jute is likely to expand in the future. There are still large areas in South America which are awaiting developments. Besides, by proper research we feel that new uses for this fibre can be found. The standard of living in this country too is gradually going up and we do not see any reason why there should not be an expansion in the demand for such goods as jute Asans, Durries, carpets and linoleum cloth.

10. (a) The terms on which jute is sold to foreign buyers in brief are:—

All pucca bales sold to foreign buyers are sold on the basis of certain grades of quality. Every baler has his own particular mark for each quality. All such marks are registered by the Calcutta Baled Jute Association. Some of the balers have their own private marks too which are not registered with the Calcutta Baled Jute Association. All the business done with foreign buyers is on the basis of these marks. The trade has a fairly good idea as to the quality that is expected to be delivered against each grade. But the exact specifications for each quality are not laid down anywhere. In case of a dispute regarding quality the matter is referred to the arbitration of the London Jute Association who appoint two arbitrators and both the buyers and sellers have to accept their decision.

(b) The names of the various qualities on which jute is sold to foreign buyers are fixed and are not changed from season to season as is done in the case of loose jute but as we have said before there is no exact description of each grade. In the absence of exact description by which to test the quality of goods tendered against a particular grade the dealers have to submit to the arbitrary decision of the arbitrators. The standards of quality by which we mean the names of the various qualities do not vary but the quality of goods that has to be tendered against each grade varies frequently.

(c) The arbitrations are held in London. The London Jute Association appoints the arbitrators. If a buyer raises any objection regarding quality in most cases the sellers try to arrive at an amicable settlement by offering some allowance to the buyers. The reason is that the arbitration expenses are very heavy and therefore sellers try to avoid arbitration. It is not unusual for buyers to raise false objections regarding quality of the market has gone against them.

Besides in the absence of any type samples or other tangible tests there are bound to be considerable differences of opinion between the ideas of any two persons regarding the quality of a particular parcel.

The system of home guarantee is peculiar to the jute trade only and is a most pernicious system. The shipper who acts as the middleman between the baler and the foreign spinner does not exercise any care as to the quality of the goods that he is purchasing because he protects himself by taking a letter of guarantee from the seller. The seller is placed entirely at the mercy of the foreign buyer because he does not know what allowance may be awarded against him by arbitrators in the selection of whom he has no voice. Besides the system of home guarantee confines the pucca bales trade to balers and shippers only. It prevents financiers and speculators from buying pucca bales for storage whenever the market price is low. If a dealer takes delivery in Calcutta for storage purposes he is not entitled to get a home guarantee letter from the seller. But when he sells to a shipper he is bound to give a letter of home guarantee. This means that over and above the risk of the market fluctuations a man who buys pucca bales for storage has to take the additional risk of heavy allowances being awarded against him. The result is that the jute market is deprived of support at a time when it needs it most.

There is another aspect of the home guarantee question. If it suits balers to depress the market they can easily do so with the help

of the home guarantee clause. By packing goods of an inferior quality the baler can bring down the prices of ready jute because the quality of the goods that he is selling is not detected till the goods reach the hands of the foreign spinner. In the meantime the mischief is done. If arbitrations regarding quality were held in Calcutta this would not be possible.

(d) The improvement that we suggest in the export trade are the abolition of the home guarantee clause in the contracts.

We also suggest that a careful study be made regarding the methods employed by the Phillipines Government in the case of hemp. So far as we know the Government of that country have appointed a Hemp Grading Board and all shipments of hemp from that country are made subject to a certificate of quality to be granted by the Hemp Grading Board. All business with foreign buyers is done on the condition that they will have to accept the certificate of quality granted by the Hemp Grading Board. There is no arbitration regarding quality in any foreign centre. We do not see any reason why a jute grading board on lines similar to the Manila Hemp Grading Board cannot be established by the Government of Bengal.

If the above suggestions cannot be accepted immediately we suggest that at least a beginning should be made by adopting the methods in use in the case of the cotton trade in Bombay. In that centre in the beginning of each season the type committee of the East India Cotton Association select samples for each different grade and quality. These samples are kept in sealed boxes. In case of a dispute the quality is compared to the type kept and allowances awarded accordingly. We see no reason why that system cannot be adopted in the case of jute.

Another improvement that we suggest is that the Calcutta Baled Jute Association which controls the pucca bales trade should be asked to remove clauses 26 and 27 from their rules. According to these clauses members of that Association are prevented from buying or selling to persons who are not members of the Calcutta Baled Jute Association. We do not see any object in this rule except that of confining dealings in pucca bales to members of the Calcutta Baled Jute Association only. Why should a man who has the necessary amount of money with him be prevented from buying jute if he so desires. There is no such restriction in the case of any other trade. The result is that owing to the existence of these rules the jute market is deprived of substantial support when the market needs it. In the case of other commodities whenever the market comes down a steadying influence is provided by the purchases of outsiders who take a view that the price of a particular commodity is cheap. But in the case of jute no one can buy pucca bales even if he has the means to do so.

(e) In the short time at our disposal it is not possible for us to give any detailed scheme but we have given our suggestions above. As regards the system of standards on the lines of the American Cotton Standards Act, in our opinion once the Government decides that it wants to fix standards of quality by legislation it can appoint a small committee of the jute trade in Calcutta to evolve a scheme suitable to the jute trade.

11. (a) (b), (c) and (d) We have already dealt in brief with the question of standards of quality. For further information on this

subject we refer the Committee to a speech delivered by Mr. H. P. Bagaria at the annual meeting of the Federation of Indian Chambers of Commerce, a copy of which is appended hereon. The Committee can also study the correspondence between the Bengal Jute Dealers Association and the Indian Jute Mills Association on the subject.

The question of jute standards has been engaging the attention of the jute trade for a number of years. What the sellers want is that a definite standard should be fixed once for all so that they may know what they are expected to deliver against their forward sales. But in spite of the fact that the Indian Jute Mills Association have from time to time agreed to the principle the desired reform cannot be carried out because it suits the buyers not to have definite standards. There is a hidden fall in the price of raw jute due to the change in the quality of standards which is detrimental to the interests of growers.

No. Some of the most outstanding defects in the organisation of jute trade are (1) want of a central organisation to control the jute trade, (2) want of definite standards of quality and (3) absence of storage facilities in Calcutta.

In the absence of a central organisation each section of the trade tries to do business on its own terms. For example, all the loose jute that is imported into Calcutta for being sold to the balers is not sold on any uniform contract basis but every important baler has his own contract form and business is transacted on the terms settled by him. Similarly, the Indian jute mills buy jute on the terms settled by themselves. Some of the terms of the contract are very unfair to the sellers. A similar state of affairs prevailed in the cotton trade in Bombay before the year 1918. Like Calcutta, there were about seven or eight Associations representing sectional interests each of which tried to control the trade in a way suitable to its own interests. The Government of India, after careful investigation into the matter, appointed a Cotton Control Board which was subsequently replaced by the East India Cotton Association, brought into existence by an act of legislature. Every section of the cotton trade is represented on the governing body of the East India Cotton Association and all transactions in cotton are entered into on the terms fixed by the East India Cotton Association. No contract for the sale or purchase of cotton except on the official form of the East India Cotton Association is enforceable in law. We suggest that a central body for controlling the jute trade should be established.

Regarding storage facilities, in the absence of such facilities, all the jute that is imported into Calcutta by small dealers is sold on the day that it is imported because the storage charges in Calcutta are so high that it does not pay the upcountry dealer to have his jute stored in Calcutta. We suggest that bonded warehouses should be started wherein dealers may be able to store their jute at moderate charges at times when the market is not favourable to them. But storage facilities would not be of much help unless the system of home guarantees in the case of the pucca bales trade is done away with and different standards of quality are fixed in the case of loose jute. No dealer at present likes to store jute because, over and above the risk of a fluctuation in the price that he is taking, he has to take the extra risk regarding the quality of the goods that he purchases.

12. (a), (b) and (c) This matter has been fully gone into by the Bengal Jute Enquiry Committee and full information is available on this question in their report. As regards standard weights and measures, the Government of Bombay has introduced legislation and we do not see any reason why the Government of Bengal cannot act on similar lines. In order to compare upcountry prices with the Calcutta market, and to prevent certain abuses that at present prevail we are of opinion that uniform weights and measures should be introduced throughout the province.

(d) The present system of grading raw jute is, that in the case of loose jute dealers who make sales to jute mills on the basis of standards current in a particular season, send instructions to their up-country agents to assort their jute according to the prevailing idea regarding each standard. As regards pucca bales, the assorting is done in the Calcutta press houses. Dealers in jute have a fairly good idea as to the sort of quality that is expected to be delivered against each standard of quality at a particular time.

As regards the basis of standardisation, this is a matter for the trade. In our opinion, a Warp and Weft guarantee which was prevalent in Calcutta some years back, should be inserted.

(f) It will not be necessary to have quality tests in the mofussil markets because once the Calcutta people have got definite ideas in their mind regarding the quality to be tendered against each grade, they will assort their jute accordingly.

(g) We do not see the point of this question. It will not be necessary to determine the standards and grades from season to season. Any arbitrary names for the different grades can be fixed once for all. What is necessary is that the specification of each grade should be laid down by law or sealed sample be kept for comparison, so that in cases of disputes between buyers and sellers regarding the quality of a particular parcel they can be determined by tests laid down and may not depend on the whim and fancy of the arbitrators appointed.

(h) So far as our information goes, the cultivators are always keen to know the prices current in Calcutta. They have no means to know such price. The Calcutta Broadcasting Station for some time past has been broadcasting the closing price in the futures market. We are not sure whether this information reaches all the cultivators. We suggest that loose jute prices should also be broadcast. In many cases the buyers who are in constant touch with the Calcutta market are able to take undue advantage owing to the ignorance of the cultivators. If regulated markets are brought into existence, as has been done in the case of cotton in the Bombay Presidency, the latest quotations in the Calcutta market can be posted in a prominent place for the information of all concerned.

13. Without going into details regarding the question of regulated markets, we feel that it is desirable in the interests of the cultivators to do away with certain abuses that are at present prevalent in the upcountry markets. This can be done by the establishment of regulated markets on lines similar to those adopted in the case of cotton. A careful study may be made by the Government of Bengal into the working of the regulated markets in other Presidencies and a

suitable scheme may be evolved for jute. We suggest that the Central Jute Committee should be asked to gather information on this question and make suggestions to the Government.

14 and 15. If well regulated markets are established in the mofussil centres, we do not see any advantage in having corporate organisations for the marketing of jute or the establishment of co-operative societies.

16. The cultivators and dealers in the mofussil markets always adjust their prices according to the latest developments in the futures markets in Calcutta. We are in favour of the establishment of a futures market on the basis of loose jute but this cannot be done unless standards of quality are fixed. As regards the necessity of futures markets in general, we enclose herewith a pamphlet published by this Association which contains extracts from the proceedings of the International Chambers of Commerce. That august body has fully gone into this question. We recommend a careful study of that pamphlet to appreciate the fact that a futures market is an important link in the marketing of a commodity.

As regards the control of a jute futures market, in the case of cotton in Bombay this is done by the East India Cotton Association on the Governing body of which all sections of the trade are represented. A similar constitution may be evolved for the jute futures market of Calcutta. In fact, a beginning has already been made by having a Board of Control on which all the important jute interests are represented.

(c) As regards the effect of futures market on trade, we quote the opinion of the International Chamber of Commerce. The International Chamber of Commerce at its 6th Congress passed the following Resolution:—

“The Congress recognises the fundamental service performed by futures markets in the organised distribution of certain agricultural and industrial products, namely, in correlating the world demand and supply; in making a world price and keeping it uniform; in providing machinery for continuous trading by enabling a suitable price to be quoted for the commodity at any time in minimizing and smoothing out price fluctuations in discounting the impact on the market of forecasted supply and demand and in spreading over a long period the burden of distribution of a short period agricultural harvest; in providing security which justifies the grant of liberal credit facilities by bankers; in making available at all stages of production, distribution and manufacture, a valuable safeguard in the shape of insurance against fluctuations.”

20. We are not able to understand fully this question. If the Committee want to know the effect that unrestricted competition by Calcutta jute mills had on jute prices, our answer is that it was disastrous. Some people seem to believe that if Calcutta mills engage in unrestricted competition, it will have a beneficial effect on jute prices. This view in our opinion is fallacious for the simple reason that competition amongst the Calcutta mills cannot affect the total world

demand for jute goods. The only result is that the Calcutta mills will try to sell at or below their cost of production in order to meet competition amongst themselves. But the total world consumption will remain the same. What happens is that some of the jute that may have been left in the form of raw jute is transformed into stocks of jute manufactures. But this policy cannot go on for any length of time. There is a limit to the capacity of the jute industry to carry stocks of manufactured goods; after that limit has been reached the mills will have to close down. Unrestricted production by the jute mills brings down the price of jute manufactures with the result that the mills to save themselves try to buy their jute as cheap as possible.

21. As this country has a monopoly of the production of jute fibre, we do not see any harm in the Government attempting to fix a price for jute provided a reasonable price is fixed (which should be in relation to the general price level of all other commodities) and a scheme of compulsory regulation of production is adopted. Some are of opinion that if a scheme of compulsory regulation of production is adopted it will not be necessary to fix any minimum prices. Supplies being kept within limits of demand the price level will be automatically raised.

As regards the period for which a minimum price should be fixed, we recommend, for the consideration of the Committee, the plan adopted by the Argentine Government in the case of linseed. The Argentine Government in the beginning of each season after taking into consideration the size of the crop, fixes a certain minimum price at which it is prepared to buy all the linseed that is sold to it. Although that Government has been fixing a minimum price for the last several years, they have not had to buy any linseed because the whole crop has always been marketed at a price above the minimum price. A similar policy may be adopted in the case of jute.

22. The essential condition that is necessary to make the scheme of price fixing practicable is compulsory regulation of production. In the absence of a scheme of compulsory regulation of production, no Government would be able to maintain its guarantee to buy jute at the minimum price fixed. What we suggest is that, like the Argentine Government, the Government of Bengal also should fix a minimum price for each season, which should vary according to the size of the crop and the probable world demand. If it is not necessary for the Government to buy jute at the minimum price fixed, voluntary regulation of production should be allowed, but if in any one season, the Government are compelled to buy jute to enforce the minimum price, the very next season the Government should bring into operation the scheme for the compulsory regulation of production.

As regards finance, we do not see much difficulty on this question. If it is found necessary by the Government to buy jute to maintain a minimum price they can levy a cess on jute imports. A loan can be easily raised on the security of the cess. This will mean that the burden of helping the jute cultivators will not fall on the general tax payer but will be borne by the jute trade itself.

23. Theoretically, jute being a monopoly of Bengal, the burden of the jute export tax should fall on the consumer, but in practice it is not so owing to the simple reason that the cultivators are not organised. It is only the organised sections of the trade that are able

to take advantage of the fact that jute is a monopoly of Bengal. As an instance we may point out the fact that the transport agencies engaged in the transport of jute not only maintained the freight rates at a high level even when jute sold at very low prices, but in some cases they increased the freight on jute although the freight on other commodities came down considerably. The manufacturing section of the industry has also been able to take full advantage of the monopoly by regulating their production in accordance with the world demand, but the effect of any adverse developments is always passed on to the cultivator who can show the least resistance in the matter.

24. We have already suggested that the Government should be prepared to buy all the jute that is offered to it at a certain price fixed by it. Unless there is over production every year and the price fixed is very high, we feel that normally it will not be necessary for the Government to buy any jute.

25 and 26. Have already been dealt with.

27. In our opinion, the middleman performs a useful function and in the last few years the middleman's lot has not been a very happy one. Many dealers have paid heavy losses owing to falling prices. It is only in a rising market that the dealer makes a profit. In a steady market, there is hardly any profit to be made by the middleman. Nowadays there is so much competition amongst the dealers themselves, that some dealers carry on business without any profit. A tangible evidence of this fact is to be had from the fact that London is the cheapest market for jute.

29. (b) Except for temporary periods, and during the last year and a half, there has always been a good margin of difference, between the price of raw jute and that of manufactured goods, as can be seen from the balance sheets of the jute mills. The margin has narrowed down only during periods of comparatively excess supplies of manufactured goods or periods of small jute crops. Generally the price of raw jute has followed the price of jute manufactures but during periods of high prices for jute manufactures, the price of the raw commodity has not experienced a proportionate rise. This is easy to understand for the simple reason that the jute manufacturing industry is a well organised body and they have always tried to keep the supplies of manufactured goods within limits of demand. But the production of raw jute not being subject to any system of control, the producers of raw jute have always been at a disadvantage as compared to the jute manufacturing industry.

(c) Recently, due to unrestricted competition amongst the jute mills, the cost of production has been reduced to a certain extent. In our opinion there is not much room for reduction now unless a policy of rationalisation is followed. By a policy of rationalisation we mean scrapping of a part of the existing machinery and working the balance full time. We have no definite information on the point but we believe that the existing machinery in the Indian jute mills is of an old type. There can be some saving if the latest type of machinery is installed. The salaries paid to the European staff are in many cases very high. It is difficult to get exact figures of the cost of production from any mill but the general impression in the trade is that the cost of production of some of the Indian managed mills are, all things being equal, lower than the European managed mills.

30. The system of control of production of manufactured goods has been beneficial to the jute trade as a whole. It is true that the benefit derived has not been shared equally by all but so far as the country as a whole is concerned, the system of control has enabled India to get a good price, for its jute manufactures. The consumption of jute goods within the country itself forms only a very small proportion of the total consumption.

As regards the extent of the effect on jute prices it is almost impossible to determine the extent. But one thing is certain that had it not been for the system of control of production adopted by the jute mills the whole industry including the cultivators would have realised from the consumers much less than what it has been doing. It is only in the case of the production of jute being regulated by scientific methods and a minimum price fixed for it that it becomes immaterial whether the jute manufacturing industry is worked on a controlled basis or there is unrestricted production by it. If the price of jute can be kept up by keeping supplies within limits and the cultivators are not forced to sell at a price offered to them, the effect of unrestricted production by the jute mills could be only a vanishing of the profits made by them. The price of jute manufactures would then be determined by the price at which raw jute is available.

31. (a) Yes: even during the worst period of the last economic depression the price of nine porter hessian did not go down below Rs. 7 per 100 yards. But a few months back as a result of unrestricted production by the jute mills the price of hessian came down as low as Rs. 6-6 and would have come down further but for the rise in the price of jute due to serious damage to the jute crop. Recently due to the Jute Ordinance promulgated by the Government of Bengal there has been a rise of about 15 per cent. to 20 per cent. in the price of manufactured goods. As regards the extent to which the price can be raised this is a question which is not capable of any exact determination. The price structure is a very delicate instrument and is sensitive to so many factors. The general world economic conditions, temporary periods of brisk demand or lull in demand, the economic conditions of our principal buyers, and the financial condition of the Calcutta gunny dealers are some of the factors that affect the price of jute manufactures. Unless a single selling organisation is brought into existence it is not possible, by mere control of production to determine the extent of the beneficial effect of a system of control of production on the price of jute manufactures.

(b) The agreement was a great success inasmuch as it enabled the jute industry to make fairly good profits even when the world suffered from a severe form of economic malady. The agreement did not fail to achieve its object. It was only when there was a disruption of the agreement that the industry started to suffer. The causes that led to the abandonment of the agreement are known to every one in the jute trade. We do not think that it is necessary to recapitulate them here. Primarily it was due to the inability of the industry to bring within the fold of restriction all the producing units and the unwillingness of some of those within it to remain so unless every unit was brought in. The number of those outside the scheme of restriction was steadily going up. The industry therefore was placed on

the horns of a dilemma and the giving up of all restriction regarding production was the result thereof.

(c) The recent thorough organisation of the jute trade on the basis of the new rules adopted by the Indian Jute Mills Association makes us believe that even without the help of legislation the industry can come to an agreement and that if the trade is thoroughly organised as is being attempted now it will become extremely difficult if not impossible for those outside a general scheme of restriction to carry on their business.

We are not averse to legislation but in our opinion if there is legislation it should not be piecemeal but should be a comprehensive one comprising the whole industry from the field to the factory. The aim of any legislation by the Government should be (a) enabling the jute cultivators to realise reasonable price for jute, (b) gradual expansion in the consumption of jute in the country. At present we are exporting about 40 per cent. of our production in the form of raw jute. We do not see any reason why a considerable portion of it should not be manufactured in India. Up to now the jute mill industry sheltered under a policy of restricted production has always confined its activities to goods of standard description, involving the least amount of trouble and thought both as regards production and marketing.

As regards the kind of organisation necessary to implement such a policy we have already advocated the establishment of a jute board on the lines of the Tariff Board of the Government of India. With reference to the manufactured side of the trade the control should be vested in a body representing the industry itself because if the control is vested in any outside authority it will lead to very great insecurity which is not at all desirable in the interests of the trade.

32. It is impossible to make a general statement in reply to this question. Normally the price of raw jute should be favourably affected by any rise in the price of jute manufactures but if there were excessive supplies of raw jute such beneficial effect would not only be neutralised but it is quite possible that the price of raw jute may move in an opposite direction. It is purely a question of supply and demand. We have already described the conditions that must be fulfilled before the cultivators can share in the increased price of all manufactured products. Those conditions in brief are: keeping down the quantity of jute available to the consumers within the limits of demand and devising a system whereby the cultivators should be provided with holding power. At present the conditions between the manufacturing industry and the producers are unequal. Whilst the consumers have always at their disposal certain stocks of jute which enable them to keep out of the market at a time when the cultivators are in need of making sales, the producers have no such holding power. The producers suffer from chronic poverty and as soon as the crop is ready they are compelled to market a good portion of it to meet their urgent necessities. We recommend that the Government of Bengal should make a careful study of the loan policy adopted by the Government of the United States of America in the case of cotton which is to that country what jute is to us.

33. We have no detailed information on this subject save and except that the transport charges of the Shipping Companies as well as those of the Railways are proportionately higher than those for other commodities, for similar distances. The Shipping Companies engaged in this trade have been greatly assisted by the existence of a clause in the contract form for sale of jute to members of the Indian Jute Mills Association under which sellers are bound to bring down their goods only through certain particular transport companies. In our opinion there is room for considerable reduction in transport charges and we suggest that a sifting inquiry should be made in this matter by the Government of Bengal.

34. The Government forecast has ceased to carry any importance about it for the last several years as the figures published by the Director of Agriculture have always proved to be wide of the true state of affairs consecutively for last several years and the trade generally places more confidence in the estimates formed by private firms which have proved to be more accurate than the forecast figures issued by official agency.

The forecast of private persons, so far as is known, are based on the reports of their agents in the mofussil who make tours of areas assigned to their charge and obtain information from village to village by coming in direct contact with the growers.

35. We do not consider the present Government system of compilation satisfactory because they have not served the purpose for which they were devised.

36. The compilation of jute forecasts seems to be wrongly made from top to bottom as is evident from the wrong figures supplied year in and year out by the Director of Agriculture for the last several years.

37. It is not possible for my Association to say anything definite on this point.

38. (a) My Association is not in possession of any information on this matter.

40. (a) It is not necessary.

(b) This question does not arise.

(c) It is possible to obtain figures for stocks held ex-India

41. In view of what has been stated above, the trade does not at all take any interest in the publication of the official forecast whether it is issued as a whole in one day or district by district over a number of days.

Extracts from the speech delivered by Mr. H. P. Bagaria, representative of the East India Jute Association, Ltd., at the annual meeting of the Federation of Indian Chambers of Commerce and Industry held at Calcutta in December 1928.

The first matter that should engage the attention of the Central Committee should be the question of jute standards. You, sir, in your opening speech have referred to the Cotton Standards Act passed by the United States of America in the year 1923 according to which no American subject can on pain of criminal prosecution deal in American cotton except on standards fixed by that Act. You have also informed us as to how the shippers of American cotton have been able to find representation on the Supreme Boards of Arbitration along with the foreign buyers of American cotton.

Compared to this, it is indeed sad to find that in such an important trade as jute there are no definite standards of quality. The various grades under which jute transactions are carried on are nowhere clearly defined, and are subject to constant fluctuations and interpretations according to the whim and fancy of the buyers. In case of a dispute regarding quality there is no test provided for by which the quality could be decided to the satisfaction of both buyers and sellers.

The jute trade of Calcutta can be divided into two parts, *i.e.*, the jute for local consumption and the jute for export. The two sections are respectively known as the loose jute and pucca bales trade.

All sales of jute made to the local mills are made on the basis of various grades known as 1's, 2's, 3's, 4's, R's, T.R's, B.T.R's, and H.J.R's and so on. The quality of jute to be tendered against each grade is nowhere defined either in the contract or in the rules of the Indian Jute Mills Association. The result is that the quality to be tendered against each grade varies not only in the different seasons but even in any one season there are frequent changes.

A good deal of confusion prevails in the trade owing to these constant changes. The sellers are never able to know as to what they are expected to give against their contracts. They make sales of lakhs and lakhs of bales on a certain understanding and by the time of delivery they find that the grade which they had contracted to deliver has appreciated very much with the result that they have to pay a very heavy allowance or deliver jute far superior to the quality originally agreed upon, thereby suffering heavy loss without any change in the market. No seller under such circumstances can ever hope to make profit. During the last two seasons only the importers have been put to the loss of crores of rupees by such appreciation of the standards.

In case of a dispute between the buyer and seller regarding the quality of a particular lot, there is no basis on which the arbitrations proceed. The only basis described in the contract is what is known as the "Standard of the Mark" which means that the quality of jute to be tendered against each grade will vary according to the standard set up by each individual seller.

Regarding this basis of arbitration, I will quote here what one of the buyers themselves Mr. C. A. Wild of Messrs. Anderson Wright & Co. said at a meeting of the Indian Jute Mills Association held on

January 21, 1927. He said that he did not think that the Standard of the Mark was a clear enough basis as if they bought on this standard and the matter ever went to Court it would be very difficult to prove that standard. He felt that it would benefit the trade in general if everybody agreed to buy their requirements on a common basis so that their *contracts represented actually what they bought*. I would particularly draw your attention to these words. It goes to show that the present contracts do not represent what is actually bought by the buyers. As regards arbitration, the sellers have no voice in it. The buyers or their brokers are the only people who are members of the Bengal Chamber and thus entitled to arbitrate in such disputes.

These frequent changes operate detrimentally to the interests of not only the middle men but the worst sufferers are the cultivators. By means of manipulation of standards, the buyers are able to bring about a hidden fall in the price of Jute.

Divested of technical names, suppose the jute grades are as 1, 2 and 3, and that the price for them is Rs. 12/-, 11/-, and 10/- per maund respectively. The mills after buying a little jute stop all of a sudden buying No. 1. In the absence of any business for No. 1 the sellers will naturally begin delivering in No. 2, all the jute that they used to tender in No. 1, though they get a lower price for No. 2. The mills after some time stop buying No. 2, and commence buying another grade known as No. 3. The result is that all that was being tendered in No. 1, and No. 2, begins being tendered in No. 3, which means that the jute which sold at Rs. 12/- per maund begins to sell at Rs. 10/-. It is only as a result of such frequent appreciation that a quality known as H. J. R. which is inferior to even Rejection is at present the top quality in the loose jute trade.

I will now give concrete instances of this sort of manipulation by the jute mills. In the season 1925-26, the grades 4's, R's and T.R's were in force (The 1's, 2's and 3's had already vanished in the way explained above). A lower grade called B.T.R. was invented later on in the same season. It will be interesting here to give the full meaning of the grade B.T.R. It is bad Terrible Rejections. But in spite of its rather terrifying name it was quite good jute from which the mills could spin a high percentage of hessian. I am reminded of a funny incident. A mill once bought a few hundred bales of B.T.R. jute from a merchant who delivered his godown sweepings against the contract. When the buyer objected, he said "My dear Sir, what is the meaning of B.T.R. it is bad, terrible rejections. What do you expect me to tender against that".

The Jute Mills Association saw that the grades had reached their lowest point; they could not possibly go below Bad Terrible Rejections. They therefore in Mussolini fashion decided that for the season 1926-27, the grades will be changed. They wanted to change the names so that they could play their favourite game of appreciating the standard. By their letter dated 20th January 1927, they informed the Calcutta Jute Dealers Association as under:—

"Regarding the arrangement of jute marks for next year it will be noted by your Association that for the next season the marks at present in force will go up two grades instead of one as previously agreed between your Association and this Association."

No reason is assigned for this change. The will of the Jute Mills Association is law in the loose Jute trade.

A few months back the Bengal Jute Dealers Association which represents the Indian Importers carried on a good deal of correspondence with the Indian Jute Mills Association over the question. It was then found that 60 per cent. of the buyers were agreeable to buy on definite standards but owing to the refusal of the remaining 40 per cent. the change could not be brought into force.

A similar state of affairs exists in the Pucca Bales trade. The merchants who press jute into pucca bales are known as Balers. They sell their bales to the shippers of jute. Unlike other trades no survey of quality is held in Calcutta at the time the goods are taken delivery of by the buyers. The baler has to sign what is known as a "Home Guarantee Form" which means that he is bound to pay any allowance which may be awarded by the London Jute Association. This means that for several months the balers are not able to know as to whether their goods are up to the standard or not.

As regards arbitration in London, the sellers have not the least representation there. Buyers of jute in London and Dundee are the only arbitrators. The cost of arbitration is so heavy that the sellers always prefer to settle amicably by offering to give some allowance rather than go to arbitration. There is a good deal of dissatisfaction amongst the balers over this matter but against the superior organisation of the European shippers and consumers of jute they are quite helpless. I hope the Central Committee when consulted will take up this very important question and try to bring about an equitable arrangement between the buyers and sellers of jute.

Replies to the questionnaire issued by the Bengal Jute Enquiry Committee by the Bengal Jute Dealers Association.

1. (a) (i) Yes. A policy of restriction of production should be followed in the interests of the Ryots and the whole jute trade.

(ii) The objects for which the regulation of production is advisable are many but the underlying unity among all of them is to achieve an adjusted co-relation between supply and demand of jute which will arrest to a certain extent the persistent tendency of the falling prices. Ignorant, illiterate and illorganised as they are, the agriculturists of Bengal should be educated and enlightened upon the various causes, which affect the price of their product, the chief cause being the mal-adjustment of supply to demand. As is very well known, the mills are now making every possible effort to regulate their production, which in its turn makes it highly essential that to protect the interests of the Ryots against the organised buyers, i.e., the mills, the agricultural production should also be regulated so that there be no surplus of supply over demand.

2. (a) It has not been practically successful at all.

(b) The policy of voluntary restriction has not affected the price of jute, but the pronouncement of the policy has affected the price of jute to a certain extent at the time of such pronouncement.

(c) (i), (ii) and (iii) Although the surplus stock of raw jute, (1) held in mufassal, (2) held by pucca balers, and (3) held by the mills in India and abroad, have been reduced to a certain extent, the reduction cannot be accounted to have been due to the policy of voluntary restriction.

(iv) The surplus stock of the finished products held by mills in India has been increased but the reasons of the increase have also no connection with the policy of voluntary restriction.

The surplus stock of the finished products held by mills in India has been increased but the reasons of the increase have also no connection with the policy of voluntary restriction.

(d) Due to ignorance and illiteracy of the producers, any policy of voluntary restriction would be a failure.

3. (a) No. So far no fibre has proved an efficient, economical and general substitute for jute.

(b) (i) No. Up till now jute is the cheapest fibre known in the world.

(ii) No substitute has proved of greater advantage than jute.

(iii) No doubt due to the growing policy of the economic nationalism in different countries, experiments have been made in the recent time to find out commodities in their own countries which may serve as alternative or substitute for jute, but up till now no commodity has proved a serviceable substitute.

(c) No.

4. We are in favour of a policy of compulsory restriction.

5. (a) and (b) We cannot give any information as regards agricultural commodities to which compulsory restriction has been successfully applied outside, but in India it is very well known that the production of Bhang, Ganja and opium, etc., is controlled by Government by means of legislation. As jute has got the advantage of being the monopoly product of Bengal, compulsory restriction may be more successful for jute than for any other article.

(d) In our opinion the Government of the Province should appoint a Jute Regulation Board which would devise ways and means to establish equilibrium between supply and demand by enforcing regulation. A law should be passed providing that penalties would be imposed for breaches of regulation.

(e) We think that there would be no difficulty in adopting legislation.

(f) (i) For the success of a scheme of compulsory restriction, the Government will have to take great care and precaution in the appointment of staff for the purpose so that corruption may not creep in. The working of the scheme of compulsory restriction will also entail expenses but they may be minimised if the existing machinery of administration of the Agriculture and other Departments of the Government be utilised for the purpose.

(ii) We do not think the cultivators will have any objection to compulsory restriction by legislation if prior to the passing of legislation, the Government make a propaganda which would educate the cultivators about the benefits of restriction.

(h) It would be better if the Governments of Bihar and Assam also co-operate in compulsory restriction scheme but even if they do not co-operate, the scheme can be successful for Bengal alone, because 90 per cent. of jute is grown in Bengal.

(j) We would advocate restriction by area.

6. There seems no cause of apprehending that on account of compulsory restriction, the farmers will refuse to pay rent of land or that rental value will be decreased.

7. (i) Lands released as a result of compulsory restriction may be used for cultivation of rice, sugar-cane and other commodities which are immune from the dangers of over-production.

(ii) We do not think it would be necessary to subsidize alternative crops.

8. (a) The areas to be cultivated under the scheme of compulsory restriction should be determined on the basis of 10 per cent. less or 10 per cent. more than the existing stock, as the case may be. An increase or reduction of 10 per cent. in the crop for any season according to the requirements of the market to keep up the prices on the economic level, would fulfil the object of compulsory restriction. The existing stocks can be estimated from the information made available by the Associations of the different sections of the industry.

(b) In our opinion the authority to determine the area for cultivation under a compulsory restriction scheme should be the Provincial Government.

9. There is no indication of the expansion of the world demand for jute in future. It is likely to remain constant.

10. (a) Sales of jute to Dundee are effected on the contract Form of the Jute Importers Association, Dundee, and to continent and other countries, sales are effected on the London Jute Association Contract Form. In case of Japan jute is sold on private terms and arrangements settled between the buyers and sellers.

(b) Yes. There are fixed standards of quality which have been fixed by custom of trade. The standards generally do not vary from year to year.

(c) Arbitrations of baled jute exported from here to Dundee are held in Dundee by the Dundee Jute Association and in London they are held by the London Jute Association and the Arbitrators are appointed by these Associations.

Although we see no objection to the system of granting Home guarantees which are stipulated by the shippers but as regards "Invoice Back" clauses, we are of opinion that the sellers should not make any arrangement with their buyers as regards this clause because such a stipulation is harmful to their interests.

(d) There seems no difficulty about the present methods of the export trade. It is also not necessary to fix standards of pucca baled jute by legislation.

(e) As there is no complaint about the existing methods of dealing in pucca baled jute, there is no necessity or occasion for the adoption of any system of standards on the lines of the American Cotton Standards Act of 1923.

11. (a) In the considered opinion of this Association the various methods of marketing jute now in vogue in Calcutta are not satisfactory. Balers purchase their jute from the local marts after inspection of jute. There are 6 marts in Calcutta, viz., Cossipore Road, Hathkhola, Fulbagan, Ultadanga, Shyambazar and Baghbazar. While at the last five places jute is sold by the sellers in their godowns, sales at the Cossipore Road market are made in the Railway godowns themselves on account of the special facilities provided by the Eastern Bengal Railway. Here the Railway has allowed to the importers the privilege of cutting open jute bales before delivery, so that jute can be shown to the buyers in the sheds from where the lots are directly sent to the press house of the balers. This jute is weighed at the buyers' press house and an allowance known as Dhalta is deducted by the balers. The weight of this allowance varies according to the will of the balers. Due to the special facilities in connection with the wharfage the market at Cossipore Road has become the most prominent market and the other markets are losing their importance every day. It may be said here that this market has helped to a certain extent in the fall of the price of raw jute because the special circumstances of the market as stated above, coupled with the imports of wet jute which have recently become more frequent, have made it an auction market for the jute where it would be sold for the highest bid. Since the development and concentration of business in this market repercussions of the fluctuations in Fatka rates have also perniciously affected the price of raw jute because generally buyers wait for the close of the Fatka quotations, when if the rates are high, they come in an overwhelming number but if it is a falling market they postpone their purchases and the keenness of the sellers to sell jute, bring the price down. The sellers are keen to sell their jute on the very first day of its arrival so that the lots may not incur any wharfage and in recent times there is one more reason of their keenness, viz., the imports of wet jute. This dangerous practice of watering the jute has ruined the profitable dealings in jute and it is necessary that a drastic step be taken in this connection by the Government because this ruinous practice has lowered the price of raw jute to a great extent. Apart from the ready purchases in the above markets the balers also make forward purchases for which they have got their separate contracts.

As regards the purchases made by the jute mills they are effected in most cases for forward deliveries. Although for this purpose contracts of the Indian Jute Mills Association are mostly used, but there are also other contract Forms used by some individual mills, whose terms and stipulations vary according to their own interest and to the positive detriment of the interests of the dealers and ultimately to the ryots. It is imperative that a uniform standard contract form be adopted. This association is in correspondence upon the subject with the Indian Jute Mills Association and other bodies concerned.

The mills purchase their requirements on the basis of certain marks and standards. At present these standards are Top, Middle and Bottom which were determined only about three months back when they were 3's, 4's, R's TJ and S with certain fixed guarantees. The quality of jute to be tendered against each grade has not been comprehensively defined and is subject to constant fluctuations and interpretations according to the whim and fancy of the buyers. In case of dispute regarding the quality of jute tendered against a particular grade there is no test provided for by which the quality could be decided to the

satisfaction of both buyers and sellers. The result is that the quality to be tendered against each grade varies not only in the different seasons but in any particular season too there are changes. A good deal of confusion prevails in the trade owing to these constant changes. The sellers are never able to know as to what they are expected to give against their contracts. They make sales of lakhs and lakhs of bales on certain understanding and by the time of delivery they find that the grade which they had contracted to deliver has appreciated very much with the result that they have to pay very heavy allowance or deliver jute far superior to the quality originally agreed upon, thereby suffering heavy loss without any change in the market. No seller under such circumstances can ever hope to make profit.

These frequent changes operate detrimentally to the interests of not only the middlemen but the worst sufferers are the cultivators. By means of manipulation of standards, the buyers are able to bring a hidden fall in the price of jute.

Divested of technical names, suppose the jute grades are known as 1, 2 and 3 and that the price for them is Rs. 7, Rs. 6 and Rs. 5 per maund, respectively. The mills after buying a little jute stop all of a sudden buying No. 1. In the absence of any business for No. 1, the sellers will naturally begin delivering for No. 2, all the jute that they used to tender in No. 1 though they get a lower price for No. 2. The mills after sometime stop buying No. 2 and commence buying another grade known as No. 4. The result is that all that was being tendered in No. 1 and 2, begins being tendered in No. 3 which means that the jute sold at Rs. 7 per maund begins to sell at Rs. 5 per maund. It is only as a result of such frequent appreciation that the state of affairs of market for jute has become most chaotic and a reform is of paramount necessity. The Indian Jute Mills Association in this matter has always shown a dictatorial attitude. To put it more effectively, the will of the Jute Mills Association is law in the loose jute trade. Their attitude in the matter would be clear from the fact that in the beginning of this season they determined certain standards of their own accord and without any consultation with any other section of the trade. They wrote in one of their circular letters to their members, "All members will be so good as to agree to buy only on the mark suggested and furnish the Association with an undertaking on the form attached to, that this will be observed: thereafter all selling interests will be advised of the conclusions reached by this Association." This state of affairs relating to the dictatorial powers of the Indian Jute Mills Association to change standards of loose jute according to their wishes even in the middle of the season is not a desirable thing at all.

The sad plight of the sellers of jute can be better understood by an analogy. Suppose a cloth merchant contracts to sell a 100 yards of cloth at a certain price. In calculating his profits or loss on the deal, the cloth merchant takes into consideration the fact that he shall have to deliver 36 inches of cloth for every yard sold by him. If by the time the delivery is completed the length of a yard is all of a sudden changed to 40 inches, we can understand the difficulty of the sellers and the consequent loss to him by the transaction. It is, therefore, imperative that definite standards of loose jute be fixed.

It may also be pointed here that the Managing Agents of the certain jute mills have got Agencies of Insurance Companies and they insist

upon the sellers to insure jute sold to them with their company as a result of which the sellers have to pay more charges than what they would otherwise pay.

(b) Yes. Standards are changed and have changed even in the middle of the season. Even in the beginning of this season, it was made known by the Indian Jute Mills Association that standards which would be in vogue this year are those which were in use last year, but towards the advancement of the season, they dictated that the standards for this season would be Top, Middle and Bottom, specifications of which are not at all comprehensive.

(c) We think that it is inevitable that definite standards for loose jute be fixed by legislation for the benefit of the producers and the sellers. Standards fixed by legislation will not in any way be disadvantageous to the genuine interests of the consumers also, but they have been raising objection to such a scheme until now because the absence of definite standards give them an opportunity of exploiting the disorganised sections of the trade, namely, the sellers and the growers. This association think that when there is absolutely no chance of the different sections of the trade coming to some common understanding, it is the duty of the Government to see that interests of the trade as a whole are not adversely affected by the action of a powerful minority. To decide the quality of jute tendered against each particular grade, a Board consisting of buyers, sellers and brokers should be constituted which should in the beginning of every season fix the type or sample of the quality which should be considered as a fair tender against all sales of jute made on the basis of the grades. The Directors of the East Indian Cotton Association in Bombay have appointed a type Committee which in the beginning of every season select samples from the average quality of the crop of that year and these samples are sealed and kept in the office of the East Indian Cotton Association, Ltd., for purposes of comparison in case of disputes between buyers and sellers regarding the quality of cotton delivered against a particular grade.

(d) This Association is of the opinion that on a basis of broad divisions of the quality of jute, there are three grades of jute and, therefore, the standards may be 'Top', 'Middle', 'Bottom', but the specifications of these grades should be made very comprehensive and samples of jute tenderable against each mark should be drawn and kept in the Arbitration Room of the Bengal Chamber of Commerce. When arbitrations are held, the use of these samples to determine quality of jute under dispute would go a long way in avoiding confusion and dissatisfaction of the sellers.

12. (a) The producing cultivator sells his jute to the middlemen who are generally called the Faria, Bepari and Mahajan either by bringing his jute in the local Hats or at his own field or store house. Sometimes he also sells jute overhead, i.e., at the time of sowing, he borrows some money from the middleman and when the crop is ready he makes over the same to him.

(b) In some districts of the provinces, there is a practice of charging an allowance in weight known as Dhalta which is detrimental to the producers. Difference in weights in different districts is also a harmful custom.

(c) Yes. It is desirable that the use of Government Standard weights (40 seers = 1 maund) should be forced in all dealings in jute. It can be done by legislation, but better education among the producers is a condition precedent to the introduction of legislation.

(d) and (e) At present the mufassal buyers of the jute follow the system of grading raw jute somewhat on the basis of the system prevalent in Calcutta market.

Standardisation of grades is desirable but this cannot be effected until the same is enforced in the Calcutta market.

(f) Samples of jute of different grades may be useful basis of standard. Some samples of different varieties of jute may be maintained in every district.

(h) The Central Jute Committee might be entrusted to make necessary steps to disseminate better information as to Calcutta market prices and other things among the producers. They can do this work without any very great difficulty and inconvenience.

At present the producers have practically no means of obtaining such information. On some occasions, they get from the mufassal buyers quotations of the Futures market.

13. (a) We do not consider it practicable to establish regulated market in Bengal.

14. In the considered opinion of this Association it is not feasible to establish any corporate marketing organisation for jute, even if it is desirable.

16. (a) The effects of the Futures market on the mufassal market are very bad, because such a market depresses the price of jute paid to the cultivators by artificially controlling the movement of the prices generally in the interests of the manufacturing section of the industry, who have powerful influence on the management of this market. Had it not been the case the producers would certainly get a higher price for their produce.

We do not advocate any Futures market for loose jute.

(c) Really speaking, there are no future markets for jute and whatever market exists at present in the name of a Future market is confined to speculative dealings only without any hedging facility for the real traders or the cultivators, which is the main characteristic of a future market.

At present, the repercussions of the activities of the future market have done a disservice to the trade, and we would recommend that the trade be purged of such a ruinous market.

17. (a) The normal yield of jute per acre in Bengal varies from 15 maunds to 20 maunds.

(b) This Association is not in a position to supply any reliable information in this connection.

21. We would have no objection if it were feasible to fix minimum prices of jute.

23. (a) The jute export tax has an unwholesome effect on the price of raw jute paid to the cultivators.

(b) The effect is variable and the variation is caused by rise or fall in the prices of jute because at the time of low prices, the incidence of the tax becomes heavier.

27. (a) The normal difference between the price paid to the cultivators and the price paid by the manufactures or balers constitutes only freight charges, insurance charges, godown charges, brokerage and a nominal profit of the middleman.

(b) Middlemen cannot be excluded without a serious and undesirable hinderance to the trade.

28. It is very seldom that the cultivators pledge the crop before harvest and this practice is now fast dying.

30. No system of control of production of manufactured goods has affected the price of raw jute because the supply of raw jute was always greater than its demand and the price therefore did not rise in accordance with the price of the manufactured goods. The cultivators always had surplus stock of jute to throw on the reserved buyers.

31. (a) It is possible to raise the price of manufactured goods to a certain extent by adopting a well-chalked out scheme of restriction of production, if other things remain constant.

(b) The Jute Mills Association Restriction agreement was a success from the mills point of view because they earned the profits of regulated production—the profits accruing from the regulation of supply in accordance with the known and visible demand but from the Govers' point of view it was harmful because the produce of raw jute was not regulated as a consequence of which there was a surplus of supply over demand which being thrown to the unwilling buyers, the price was lowered. This agreement failed when new mills came into existence and they did not join in the agreement. The monopoly of the manufacturers was thus broken.

(c) We do not think it feasible that any voluntary scheme of restriction of manufactured products be evolved at present. As an adjustment of supply to demand is desirable under all circumstances, we are in favour of compulsory restriction.

32. Until and unless the scheme of restriction of manufactured goods is preceded by a similar scheme of regulation of raw jute crop, it cannot be assured that the prices of raw jute would follow the prices of manufactured jute goods in their rise.

From this point of view it is necessary that a scheme of compulsory restriction of manufactured goods should not be launched without a prior regulation of the jute crop according to the estimated demand.

33. (a) The freight charges by rail are very high and they tell upon the prices which the growers get for their produce.

(b) The present marine and fire insurance charges are also unreasonably high and it would be a great service to the cause of the poor cultivators if these charges be brought down.

(c) As has been explained in our answer to the question No. 11 (a) in the case of sales of raw jute made to the Calcutta mills, high insurance charges are to be paid to the Insurance Companies with which the buying mills are associated. This has to be done because

the mills have inserted a clause in their contract in the following terms "Transit Insurance to be cared for by sellers at contract rate plus 10 per cent. through Buyers' agency." If this stipulation were not made in the contract, the burden of Insurance charges falling on the producers will not be so great as it is at present.

34. (a) The Government Forecast is not very beneficial to the trade obviously on account of its inaccuracy.

(b) The Forecasts of private firms are compiled on the basis of the information which they get from time to time from their agents in the mufassal. These forecasts are generally more accurate and reliable.

35. The present Government system of compilation of the jute forecast is not satisfactory and improvements should be made.

40. (a) and (b) In our opinion the holders of stocks will have no objection to submit returns and legislation will not be necessary in this connection.

(c) There will be no difficulty in obtaining approximate figures for stock of jute held ex-India.

41. It will be better to publish the jute forecast as a whole.

Replies to the questionnaire of the Jute Enquiry Committee, by the Secretary, British Indian Association.

1. (a) (i) The problem of restriction of production of jute crop arises only when there is an over-production of the crop in the sense that it cannot be sold at a remunerative price by the raiyat. The over-production does not mean that its supply is excessive from an absolute point of view. It means that the supply is such that it cannot adjust itself to demand at a price which brings normal profit to the grower after paying for the cost of production.

The depression in jute trade began owing to the shrinkage in world demand for jute due to economic depression and monetary crisis in the principal world markets of jute. America the biggest buyer of Bengal jute manufactures has had to reduce its purchases owing to acute trade depression and the same applies to other countries. Full weight of the depression began to be felt in Bengal in 1930 when a larger crop than usual was being reaped, thus intensifying the fall in jute prices.

The accumulation of stock in hands of traders due to slackened demand outside is not made known to the growers due to defective transmission agency with the consequence that the cultivators go on producing as usual thus accentuating the fall in the price of jute. The continued unremunerative price of jute from 1930 onwards clearly proves that some sort of restriction of production is to be followed so that supply may be adjusted to demand.

(ii) The principal object to be achieved by regulation is obviously adjusting supply to demand so that normal profit may be assured to

the growers of jute. The economic Committee of the League of Nations observes that "production must be controlled and maintained at a level corresponding to the requirements of consumption—in other words a disastrous surfeit of supply must be prevented by a voluntary limitation." It is contended by some that regulation is not necessary as it is automatically secured by natural corrective forces. This conclusion is directly contradicted by experience. Whenever there is an excess of supply the whole brunt of the setback in price has to be borne by the cultivators. The stock remains in the hands of buyers and not the cultivators. The existence of this surplus stock exercises a depressing influence on price even if the crop in the following year is restricted. Besides the scattered and unorganised character of the jute-growers, coupled with their lack of knowledge about world market conditions, make the case of regulation almost invincible. Once production is regulated, much of the defects noted above will pass away.

(b) Does not arise.

2. (a) It is beyond the resources of our Committee to quote definite comparative figures to show the success of the voluntary restriction scheme of 1935, except to say that a certain amount of success was achieved by the scheme, though much below expectation. Besides it should be noted that during the past few years every phenomenal fall in price has followed by a remarkable drop in acreage just as high price immediately led to a rise in acreage. It is difficult therefore to say how far restriction in acreage is due to a voluntary scheme and how far to ruinously low prices. In the face of this any set of figures may be deceptive and may focus attention on wrong channels.

(b) The policy of voluntary restriction followed since 1935 and before led to a reduction in acreage to a certain extent, though not all commensurate with Government expectations. There has been a slight rise in the price of jute last year and this year. Whether this rise in price is due to a scheme of voluntary restriction or improvement in demand after a series of slackened years of demand, it is difficult to say with any degree of certainty. Depressing price for some years has naturally led to a reduction in acreage. How far Government propaganda has stimulated this tendency, it is not possible to know. Price improvement, therefore is the result of several factors, for which it will be manifestly wrong to bestow on voluntary restriction all credit.

(c) (i) Yes, to an insufficient degree.

(iv), (ii), (iii) Each of these categories had huge surplus stock when the restriction scheme was launched. World demand for jute was comparatively stationary since 1930 onwards till very recently. In the circumstances pucca balers, mills in India and elsewhere did not purchase jute whether there was a voluntary restriction or not. Hence voluntary restriction did not deplete their surplus stock, it was the improvement in world demand for jute, however slight and insufficient that reduced the surplus stock in their hand to a certain degree.

(d) The one outstanding defect in a scheme of voluntary restriction in regard to which almost all the students in jute economics are in agreement, is that under it the individual cultivator will be faced with an almost irresistible temptation to expand his own acreage in the hope of reaping a profit at the expense of his neighbour. The individual would thus view restriction as everybody else's business and not his

own, and consequently the successful realisation of the restriction of total acreage will be extremely uncertain. Voluntary restriction may to a certain extent succeed after a fall in prices due to bumper crops but the effectiveness of such propaganda would be extremely doubtful in any season following a year of high prices even if the estimates for the season forecast a shrinkage in demand. Besides the value of sporadic propaganda is uncertain in an unorganised army of cultivators born and bred in individualistic economy.

(e) By compulsory restriction as detailed in answer to question No. 5.

(f) The interests of buyers and sellers are not always one, and hence it is not to be expected that buyers will support a scheme ostensibly designed to benefit sellers. All the same, balers, mills, growers, and other middlemen supported the scheme of voluntary restriction to an extent so far as it is necessary to placate Government without jeopardising their own interests. Had all the interests fully co-operated in the matter, voluntary restriction would be ideal and its success would have been patently clear by this time. Evidently there was no such co-operation and hence the scheme achieved an insignificant success.

3. (a) In recent years there has been a great activity in outside world to find out alternatives a substitute for jute. Competition from paper bags is reported to have reached serious proportions. It is estimated that the loss caused to the jute industry in Bengal on account of this change over to paper in the United Kingdom and South Africa alone exceeds 20 million cement bags per annum. Jute is also to be excluded from the Soviet import list. Russia is working on substitutes. This exclusion of jute means that India will lose a market for some 31,000 long tons of raw jute a year which is more than 6 per cent. of her total crop and 14 per cent. of her exports. The displacement of jute by cotton bags particularly in America is reported to be as substantial as in the case of paper. It is estimated that whereas the consumption of bags in America was formerly 90 per cent. burlap and 10 per cent. cotton. The above quotations prove that substitutes and alternatives are a permanent menace to the jute trade. The menace may not be serious at the present moment, but there is no doubt that with the progress of science the menace will be very serious in the near future.

(b) (i) According to the Sub-Committee of Jute Mills Association one of the reasons for the change in the jute trade is the loss of advantage possessed by jute in its comparative cheapness.

(ii) & (iii) One of the reasons for slackened demand for jute is the construction of elevators and bulk handling of grains which are calculated to dispense with the use of jute sacks as containers of grains. The substitution of jute paper and to a smaller extent by cotton has gone on increasing due to the admitted comparative cheapness of paper bags, as also due to the universal desire of economic self-sufficiency. This policy is of importance at the present moment when international trade may be dislocated any day. The Russian industrial planned economy also contemplates manufacture of substitutes to do away with jute.

(iv) Science has made vast strides in recent years and we must expect continuous effort in the search for cheaper substitutes, which

has already attained partial success. In the desire for national economic self-sufficiency and to be free from the dangers of emergency, the search for substitutes and alternatives will go on unhampered.

(c) Please refer to 3 (a). It may be predicted that the search for substitutes will go on unhampered till jute has been entirely forestalled. It is obvious that every country will like to acquire the position of Bengal jute and to that end, there will be no slackening of effort.

(d) Paper bags and cotton sacks are the chief alternatives to jute containers in the world and they have come to stay. Paper bags are used chiefly in the United Kingdom as containers of cement, in America, Germany, Denmark and most other European and American countries. The experiments to grow substitute fibres in other countries have not achieved considerable success, neither are China jute, flax, Sidda fibres and some such other fibres a permanent menace to jute industry. Paper bags can be had in India at Rs. 17 per 100 bags as against Rs. 17-12 per 100 bags of jute in Calcutta at the lowest. With the rise in the price of jute the price of such bags will range from Rs. 25 to Rs. 28 per hundred. It is not known with certainty what is the yearly production of such cotton and paper bags, as many countries produce them. In the opinion of our Committee, the production is not so inconsiderable as to be paid slighted attention. The prices of these bags, particularly paper ones, are within the competitive level, even lower, and hence in course of time will surely affect jute trade.

4. (a) & (b) Our Committee have already drawn attention to certain defects of voluntary restriction in 2 (d). Experience has shown that propaganda itself, however intensive, is of extremely small value to induce the cultivator to grow a small crop. During 1932-34 a most intensive propaganda was carried on by Government and non-Government agencies towards restriction. That led to a reduced acreage but not so much as to raise up price substantially. It is almost impossible to prevent the cultivator to grow a smaller crop in a year after a year of high prices, though world forces would point to such a necessity. The fact is that with the vast number of wholly unorganised cultivators spread over an enormous area, no scheme of voluntary restriction can possibly succeed. Every cultivator thinks of making a small private gain by growing a little more crop than others and thus frustrate any scheme of reduction. A restriction of production by compulsory legislation is therefore clearly called for. Besides the following observations of M. A. Haque in his note to the Minority Report is worthy of notice. I must make it clear that the mufassal opinion as has come before us is almost unanimously and emphatically in power of such restriction by legislation."

5. (a) The coffee scheme of Brazil has been partially successful and the rubber restriction scheme of the British Empire was successful. Regulated production has been carried out successfully in India for a long term in opium and ganja. The planned and regulated production in Soviet Russia should not be lost sight of.

(b) Restriction schemes can be most successful in monopoly trades like the jute industry of Bengal but practically none of the trades adopting restrictions schemes had any monopoly. Consequently the Rubber Restriction Scheme or the Tea Restriction Scheme of 1930 mooted on an international basis had to be done by agreement. So also were sugar, copper, wheat and coffee.

(c) The case of such commodities was different from jute in one important aspect, namely, that jute is a monopoly of Bengal, whereas no other industry adopting restriction schemes had this great advantage. Tea or cocoa can take the place of coffee. No substitute has been found, so far as Our Committee are aware, for rubber and copper. Coffee can take the place of tea as rice to an extent of wheat.

(d) In this our Committee are in agreement with Dr. N. C. Sen Gupta's Jute Grower's Bill. The Minority Report of the Finlow Committee also substantially supported the Bill the main features of which are given below.

Compulsory restriction, however, in its ultimate effect postulates planned economy by the Government. It does not mean merely passing laws and setting up an executive and a directorate. Jute industry is to be considered in relation to the economic fabric of the province. A systematic economic planning is, therefore, called forth. It is beyond the present enquiry to outline such a scheme. Our Committee outline a scheme of compulsory restriction with the belief that the consequent planning in its financial and administrative aspect will be taken up by Government.

(1) There should be a central organisation representing all jute interests one of whose functions would be to estimate on the basis of available data, what area of land could be profitably cultivated with jute in the following season and to pass on the information to the cultivators.

(2) The preparation and maintenance of a complete register of jute lands by union boards on which central body can depend.

(3) The framing by the central body of a scheme. The scheme will be framed on the basis of the probable requirements of jute next season and will lay down what percentage of the area sown in the previous season should be sown in the next.

(4) Each village board will frame a village scheme reducing the area of each grower if so required, or issuing new licences when increase is required.

(5) When the village scheme is framed, the union will revise the jute register and issue licences for growing jute next season.

(6) No jute shall be grown without licence, and the unauthorised growing should be penalised.

(e) Legislation with regard to jute is within the range of practicable possibility, jute being a monopoly of Bengal. There is no reason why legislation will not be possible. The scheme has been outlined very briefly in 5 (d). The Committee is also referred to Dr. Sen Gupta's Jute Grower's Bill given in the Jute Enquiry Committee Report.

(f) Some have urged that compulsory restriction should not be embarked upon in view of the alleged failures of such schemes in other countries. The allegation itself is of partial validity. The schemes were all on an international scale, there being no monopoly. No such contingency arises in jute, it being a monopoly and almost indispensable for world trade. Another difficulty pointed out is in regard to the utilisation of land released from jute cultivation. This difficulty is also capable of solution as detailed in answers to Question No. 7.

It has been suggested that the administrative machinery will be too elaborate and expensive. It will not be such if the co-operation of the Government departments can be secured. Our Committee do not, however, mean to say that there are no administrative, financial or other difficulties to a scheme of compulsory restriction, but they are not such as cannot be solved with due effort.

(2) In the scheme which has been outlined above the villagers will be made the guardians of their own interests through union boards and agricultural associations. The cry for compulsory restriction has come mostly from the mufassal. Though a new scheme like the one above may not be unanimously accepted at the start, there is no doubt that the villagers on the whole will welcome such a proposal which is designed to better their own interests.

(g) Difficulty of the above kind, if there be any, can be satisfactorily overcome by explaining to the villagers the utility of such a scheme through the union boards and other agricultural associations.

(h) Jute being a monopoly of Bengal, the question of co-operation of other provinces does not logically arise. Lower Assam grown certain amount of jute as also certain parts of Behar. Hence the provinces of Assam and Behar should co-operate in a scheme of compulsory restriction.

(i) This can be done easily by representing to the Assam and Behar Governments the utility of a scheme of compulsory restriction recommending to those Governments to pass a law like the one in Bengal. There is no reason why the Assam and Behar Governments should not respond to the invitation.

(j) Our Committee have advocated restriction by acreage as being practicable with less administrative difficulty than a restriction by production and quota would entail. Restriction by area is easily understood by cultivators while the advantages of quota system may not be easily grasped by them.

6. Our Committee do not think that compulsory restriction would substantially alter the rental value of land as to depreciate it in value, nor can the scheme have any adverse effect of rent: Voluntary restrictions carried out in the past few years did not modify rent or rental value of land to any noticeable degree.

7. (1) It must be noted, in the first instance, that acreage under jute has reached the lowest figure during 1931-34 since 1921. There is no likelihood of a further shrinkage in near future. The problem before the Central Committee would be not throwing out land already under jute, but of a judicious extension of cultivation so as not to exceed the profitable limit. Hence the restriction that might be decided in a particular year will be comparatively small, and there will be no difficulty of finding use for that area. Sugarcane is a crop which can be grown on at least one lakh acres with profit." Plenty of land will be needed for giving fodder for pasturage, if an intensive programme is carried on for developing dairy farming in Bengal as suggested by the Live-Stock Expert of the Government of Bengal. Paddy can yet be profitably grown in certain of the released areas. The Department of Agriculture after suitable research may advise cultivators about the course they should adopt.

7. (2) No serious difficulty was experienced in finding utilisation of land under voluntary restriction, and no such difficulty under

compulsory restriction should be apprehended. It will not be necessary to subsidize alternative crops in the ordinary course. The Agricultural Department will do immense help if they simply advise on alternative crops thus freeing Bengal from her economic weakness of absolute dependence on jute.

8. (a) The basis will be the probable world demand for jute, to be determined by the Central Committee after taking all relevant facts into consideration. The estimate of existing stocks can be had from figures supplied by all jute interests, mills, associations, balers, growers and so on, taking particular care to avoid double counting. This can be done by the Central Committee.

(b) Such area should be determined by the Central Committee. The body will be constituted by an Act of the Bengal Legislature on the lines suggested in Dr. N. C. Sen Gupta's Bengal Jute Growers Bill.

9. In view of the substitutes, particularly cotton and paper bags as also due to bulk handling of grains by elevators there is no doubt that the world demand for jute will be on a slackened scale in future. There will be no slackening of effort in European countries to be free from their economic dependence on Bengal jute. Economic self sufficiency is likely to play a stronger part in the markets of the world. The danger of a war, when over-sea supply may be cut off any moment is an additional inducement towards experimenting on substitutes and alternatives. The progress of science and research in this direction is not of small importance. Apart from depression of 1929, already there are clear indications that the world demand for jute is not what it was before. It may not be serious now, but there is no reason why the progressive falling off of demand would not assume serious proportions. Against that contingency, the jute industry should guard itself.

10. (b) Recognised public standards of quality for export jute are "Firsts," "Lightenings," "Hearts," "Daisee," and "Tossa" and although there is no written description of any of these standards which are based only on strength, colour, and quality they are well-known to all in the export trade. Calcutta Baled Jute Association usually gives certain marks. London Jute Association forms groups of these marks under each grade. There is also a large export business the standards of which are fixed by agreement between balers and consumers. As there is not a fixed standard settled by a Jute Grading Board, the standards are liable to vary from year to year or even during a season.

(c) Home Guarantee and Invoicing Back Clauses are devices to see that the required standard of goods has been baled and sent and the written assurance given by the baler is known as "Home Guarantee" and when a consignment differs so much from the buyers agreement that he cannot use it, he may after arbitration, invoice it back. Both the devices are necessary to protect the oversea buyer who does not see the goods before they arrive. He is protected against loss by carelessness fraud and deceit. In all these cases an award against a baler is made, after careful arbitration, generally by the London Jute Association. The Dundee Chamber of Commerce have their own arbitrators. For the rest of the world, arbitrations are held under the auspices of the London Jute Association.

(d) There is a complaint that London arbitration is expensive and involve unnecessary delay. Our Committee suggest that Calcutta arbitration in place of London arbitration will be a district improvement. Alternatively, it would be still better should an act like the Hemp Legislation in the Phillipines be passed under which all export of jute would be inspected and guaranteed before it leaves Calcutta and that this guarantee should be final and not open to appeal. Another improvement will be the establishment of fixed standards by a Jute Grading Board as detailed in 12(d), (e), (f), (g) below. Our Committee believe that it is possible to fix standards by legislation. The details of the body to be set up for the purpose who needless to say will do all that is necessary to smoothe down export trade by standardisation, granting certificates, inspections, etc., have been given in 12 (d), (e), (f), (g) below.

(e) Our Committee are in agreement with the view that a system of standards adopted on the lines of the American Cotton Standards Act of 1923 will be suitable for pucca bales in Bengal. The Bengal Provincial Banking Enquiry Committee, Indian Chamber of Commerce, various other bodies and associations as also meeting of jute interests presided over by Mr. D. P. Khaitan held on 25th January 1929, supported the above view.

11. (a) Muffasil merchants generally bring their jute to Cossipore and sell it in a market that has developed around the station. Cossipore is at present the most important market for the sale of loose jute in Calcutta. The Calcutta merchants do not generally buy loose jute in these markets except for speculative purposes. Generally it is the balers who purchase from these markets. The mills as a rule buy on forward contracts and the jute is dispatched direct to them. With few exceptions mills buy through European brokers. Loose jute is sold in Calcutta in drums of about 1 maund or in Dutcha bales of $3\frac{1}{2}$ and $1\frac{1}{2}$ maunds. The methods of marketing jute in Calcutta is not satisfactory. There is much scope for improvement particularly by standardisation. At present there is no fixed reliable standards.

(b) The Bengal National Chamber of Commerce in their letter dated the 22nd April 1929 to the Government note that "specified grades varies in different seasons and that even in one particular season such changes of quality are not altogether unknown."

(c) Dr. J. C. Sinha in a Minute of Dissent to Jute Enquiry Committee states that "there is no valid reason why it (state) should not go a step further and in case of necessity guarantee the quality of an important staple of which buyers and sellers both reside in the country." It is open to grave objection that the seller will be offering a higher standard as the inferior standard he contracted for. Voluntary action for standardisation having not materialised, there seems to be no alternative to the fixing of standard for *Kutch* bales by the state by legislation. The standard in loose jute should therefore be fixed by law. The Jute Enquiry Committee do not favour legislation and are in favour of voluntary mutual agreement. They have not however adduced weighty arguments against legislation nor are there, so far as our Committee are aware, any reasonable objections to the same.

(d) Please refer to 12(d), (e), (f) and (g).

12. (a) The cultivator sells his produce to the Faria or the Bepari at his home at the "Hat". The Faria sells to the "Bepari" who in turn sells to the "Aratdar" or the "Mahajan" as also to the representatives of the Calcutta Merchants. The Aratdars sometimes act as commission agents to Calcutta merchants. These middle men usually sell to the up-country (Kutch) baler, who assort and bales the jute and in his turn sells to the Mill in Calcutta or to the pucca (export) baler. In some cases the Aratdar himself despatches jute to Calcutta. The Jute is usually not baled up-country, but is sent loose, in "drums" of about 1 maund weight to one or other of the recognised markets in Calcutta.

(b) The custom of giving allowances by the sellers is common in jute dealings. The custom is of ancient origin and not all the allowances apply in one district. Some of these allowances are, (1) "Excess"—Formerly it was the practice to give 103 maunds for 100 maunds but now-a-days the excess is taken into consideration in fixing the price, and hence the seller does not lose, (2) "Sample"—It is a portion exacted by the buyer in sampling a consignment of jute, (3) "Kahari"—It is a sort of a commission paid by the seller to the buyer's purchasing staff. There are some such other small allowances.

Though these allowances are of ancient origin, there is no reason why they should exist. It would tone up the business morale if these allowances, which are admittedly detrimental to the sellers of raw jute, are altogether abolished. Victimization of sellers on these grounds is not to be desired, and our Committee think that legislation should ensure that there is no victimisation on any account.

(c) In Bengal weights and measures vary from district to district beginning from 60 tolas a seer to 110 tolas a seer in place of the standard weight of 80 tolas a seer. Needless to say that the multiplicity of weights introduce confusion, trouble and misunderstanding in business transactions particularly when the business is from one centre to another. Sometimes the Farias or Beparis or even Calcutta merchants give short weights. Such differences in weights often offer opportunities for cheating. This can be avoided and the confusion eliminated if a standardised weight is enforced everywhere in all dealings. No doubt the introduction of a standard weight will cause temporary confusion in the minds of villagers accustomed to a different system, but that will in time be got over. The Government standard weight (40 seers=1 maund) can be enforced in all dealings in jute. This can best be done by a "standard Weight Act" passed by the legislature and everybody beginning from the village Chaukidars, Union Board Members, Circle Officers to the Marketing Inspectors may be instructed to see that the standard weight is rigidly enforced. Co-operative sales societies would be of great help in the matter.

(d) It may not be very much useful to discuss elaborately the present system of grading of raw jute for, from the information available on the subject, it is abundantly clear that the present system is faulty defective and particularly meagre and unscientific. This contention gains additional ground from the letter No. 1341Com., dated Calcutta, the 2nd March 1933, from the Government of Bengal to the Secretary to the Bengal Jute Enquiry Committee where the various opinions submitted by a number of Associations and Chambers are unanimous in holding that the present system of grading is vitally defective and that fixed standardisation should be enforced. Briefly

speaking, recognised public standards of quality for export jute are "Firsts", "Lightenings", "Hearts", "Daisee" and "Tossa" and although there is no written description of any of these standards which are based only on strength, colour and quality, they are well-known to all in the export trade both in India and abroad. The above system offers scope for deceit and fraud, as the basis itself is uncertain. Hence in the opinion of our Committee, standardization of grades should be enforced.

(e) After going through the various opinions on the subject, our Committee desire to adopt the standard set in the Minority Report of the Finlow Committee reproduced below:—

White jute.		Hessian warp.	Lacking warp.	Woft and cuttings.
		Per cent.		
Fine	.. ..	60	20	20
Superior	.. ..	40	40	20
Tops	.. ..	20	60	20
Middles	.. ..		70	30
Bottoms	.. ..	Without guarantee.		
Daisee and Tossa Superior	.. ..		90	10
Tops	.. ..		80	20
Middles	.. ..		50	50
Bottoms	.. ..	No guarantee.		

Our Committee believe that the above standards have the approval of majority of trade members. It is suggested that legislation should be passed to fix the standards and that no alteration should be made therein unless the Government is satisfied that any change is necessary. What is meant is that no new names should be allowed to be invented or used, and that all transactions in loose jute must be done on the basis of the aforesaid standards.

(f) In the opinion of our Committee much difficulty will not be felt in devising necessary tests to assort according to the aforesaid standards in Muffasil markets, in view of a jute Grading Board to be established as detailed in (g) below.

(g) Our Committee have carefully considered the question whether the authority to determine the standard grades should be vested in the Government or in a separate statutory body. The Federation of Indian Chamber of Commerce and Industry by a resolution recommended the establishment of a Jute Grading Board on the lines of the Phillipine Grading Board for hemp. Our Committee do not favour the idea of vesting this authority in Government, requiring, as it does expert knowledge and specialised skill and grounding in the working of jute trade, which can best be had in a separate body set up for the purpose. Our Committee therefore, recommend that a Jute Grading Board on the lines of Phillipine Grading Board for hemp be established and that a Jute Grading Act on the lines of the American Cotton Standard Act, as approved of by the aforesaid Board, be passed whereby it would be a penal offence to deal with jute except on the standards set up by the Act.

(h) Opinions differ as to the extent to which a cultivator receives information of jute prices. Some are of opinion that the growers of jute are completely at the mercy of the Farias and Beparies and have to rely on whatever information is supplied to them, fanciful or otherwise. Others hold that through "hats" and baling establishments, accurate information percolate to a certain extent to the growers of jute. Jute prices are broadcasted every day but there are only "660 licenses for receivers in the Bengal mufassil" (Jute Enquiry Report of 1934).

Evidently the system of transmission of information about Calcutta market prices is defective and insufficient, this should be improved.

Broadcasting is a powerful instrument in transmitting daily information and though there are many difficulties in having receiving sets in distant villages, it is suggested as a compromise to have a receiving set in necessary district headquarters whence the information received could be conveyed by post to Presidents of Union Boards and to centres, such as markets, hats and so on. Receiving sets may also be installed in important jute markets.

So long as this is not carried out information regarding prices may be sent by post from Calcutta twice or thrice a week to Presidents of Union Boards, markets centres, hats and so on.

13. (a) There is little doubt that the present marketing arrangements are chaotic, antiquated and prejudicial to the interest of the jute growers. To do away with these evils, the establishment of regulated markets is a pointed necessity. The Royal Commission on Agriculture, and Jute Enquiry Committee also recommended the establishment of regulated markets for jute. The principle underlying the proposal for the establishment of regulated markets is that of collective dealing which avoids the element of cutthroat competition. The cultivators have better chance of negotiating successfully with the buyers in regulated markets, than they have in isolated villages. The risk of the cultivator being cheated by the middlemen from lack of knowledge or fraudulent weights, or from undue influence is eliminated to a considerable extent in regulated markets. From whatever angle it may be considered, the advantages and arguments in favour of regulated markets are over-whelming. Our Committee therefore, consider it desirable to establish regulated markets.

(b) After carefully studying the regulated markets for cotton in Central Provinces, Berar and Bombay Presidency, and keeping in mind the peculiar characteristics of Bengal jute trade, our Committee recommend that a constructive start should be made at selected centres where there is a sufficient volume of business and under competent supervision so that the results obtained may be reliable. The area in each case should be determined finally by the marketing Committee to be set up for the purpose.

(c) The very knowledge that a fair deal would be obtained at a neighbouring regulated market will create in the minds of the cultivators a feeling of confidence. They will flock to such markets instead of selling in unorganised villages. The consuming interests will find it profitable to operate in these regulated markets as frauds are sometimes perpetrated on them by mixing different qualities of jute or damping fibre with water.

The law should provide that when a regulated market has been established, no unauthorised market should be allowed to exist within a certain distance. The reason is that middlemen are likely to boycott it any try to make a failure of it by starting an unregulated market close by.

(d) Our Committee think that initially the selection of sites should be in the hands of the Department of Agriculture or Co-operative Department as advised by the Union Boards of the jute growing districts, and other jute associations.

(e) Following the Central Provinces Cotton Market Act, our Committee propose that half the members of the market Committees should be elected by jute growers, other half being filled by dealers and brokers in jute. The cultivators being vitally interested in the sound management of the markets, should have at least half the number of members.

(f) At the beginning when the markets come to be established, it is not desirable that the cost of these initial market should fall on the producers or the buyers. Initially they can be financed by a Government grant. In the long run they must be self-supporting and can be maintained by a levy of scheduled fees on weighing and grading. Income would also include license fees for dealers, cess on carts, etc.,

14. (a) Yes.

(b) Co-operative sale societies as elaborated in 15(a) below.

(c) Please refer to 15(b) below.

(d) Please refer to 15(c) below.

15. (a) The existing system of marketing of jute is organised in a sense; but the organisation is ill-conceived and do not benefit the growers of jute. The disorganised mass of cultivators are necessarily individualistic hence they are more or less under the mercy of more intelligent middlemen. The Farias or Beparis buy the produce from the cultivators, who in their turn sell to the Aratdars or the Mahajans or representatives of the Calcutta Jute Merchants, the aratdars sometimes also acting as commission agents. These middlemen control the cultivators who had to dispose of jute immediately and the cultivators themselves are often paid in advance for a specified quality. The bulk of the profit is thus consumed by middle traders at the expense of the cultivators.

Co-operative sale societies are mainly conceived to do away with this evil. They intend to bring the cultivators in direct touch with the ultimate consumers, eliminating middlemen, so far as it is practicable having regard to initial difficulties with which these societies must inevitably start in an organisational system. In so far as the co-operative sale societies succeed in keeping the profits where they should be and ensuring a better price for product, there is no doubt that the co-operative sale societies will be a distinct improvement over the existing defective individualistic system of marketing. In other countries co-operative sale societies have been eminently successful. They can be equally successful in Bengal if properly organised.

(b) The first essential requisite for the success of such a system is that if co-operative jute sales societies are to be established they should not be done so locally. A local co-operative society could be

defeated by private competition. It should therefore cover a wide area to control the specified product to a considerable extent, otherwise the marketing policy cannot be scientifically and economically controlled. There should, therefore, be a single federated marketing organisation with affiliated co-operative associations in different places and the policy of distribution should be guided by the central Co-operative Associations.

Licensed warehouses should be established in centres approved by the Central Association. In this respect, the scheme of licensed warehouses given by the Central Banking Enquiry Committee (*vide* paragraphs 280-83) may be recommended.

It is obvious that there will be a number of jute societies in Bengal in view of 3 million acres of land devoted to jute cultivation. But in any case jute sale societies are clearly practicable. The membership of an association, procedure, rules and regulations are matters of detail which can be settled to advantage after consulting the various sales Acts in Central Provinces, Bombay and the Punjab and other provinces. But certain fundamentals may be considered. These societies should collect jute from the members, assort them according to quality and then sell according to quality to merchants. Jute should not be bought from the cultivators, this being against the principles of co-operation, as that may involve the societies in financial loss. Co-operative sale societies failed in the past due to their policy of buying jute from the cultivator and being unable to bear the risk of fall in prices. The societies again should not hold jute for any length of time, and may not run the risk of market variations. It is not essential here to emphasise the other factors necessary for the functioning of any co-operative society as they are wellknown, e.g., sympathetic atmosphere, good supervision, etc.

(c) The financing of co-operative jute sale societies is an intriguing question requiring careful thought. Such societies can only be formed on the basis of unlimited liability and the measure of their credit will be the combined credit of their members. The only basis on which such societies can possibly work would be upon the assumption that each member brings all his crop to the society. There does not appear to be any means for enforcing such an obligation except in co-operation with a credit society. If there is no such obligation the society cannot make any arrangements for a regular sale of the stock on the basis of a wholly uncertain supply.

"Hence it will be advantageous to start sale societies with members who are also members of credit societies." Each credit society should make it a condition of the loans granted by it that the borrower must credit his crop to the sale society and that the crop shall be deemed to be hypothecated to the credit society, over and above the existing personal liability of the borrower. The sale society will hold the jute as hypothecated to the credit society and must pay to the credit society the amount for which credit has been given against its receipt with interest upon the sale of the stock.

At the top, as has been already noted, should be a wholesale society dealing directly with mills and buyers through licensed warehouses. The society should have a large share capital subscribed principally by the affiliated societies. Its working capital may be easily provided by debentures with a floating charge on the entire business if there

is some sort of Government guarantee for the interest in the early years. The success of the scheme is inextricably bound up with the removal of agricultural indebtedness. The cultivators are indebted to Mahajans and the bulks of their lands are under mortgage. This takes away their freedom to dispose of their crop as they choose and if they join a society on the basis of hypothecation of the crop they may easily find themselves frustrated by the mahajans enforcing his mortgage.

(d) It is not to be expected that the growers of jute born and bred up in centuries conservatism, prejudice and ignorance, would grow enthusiastic over the prospect of jute sales societies about which their knowledge is next to nothing and jealously embrace these societies as a sure panacea and a solution of their chilling penury. It is a question of propaganda, gentle persuasion, and above all educating them in the principles of co-operation. Credit societies have achieved a certain amount of success in Bengal. It may be expected that with reasonable direction jute sales societies will also have considerable success. Once the growers of jute can understand the utility and benefit of such societies, there is no reason why they should not welcome them since they are for their good and benefit. A reasonable start, therefore, can be made with the hope that Bengal jute growers will not be unresponsive if utility of such institutions is demonstrated to them.

16. (a) The future market will have a steadying influence on mufasil markets. There will be sympathetic rise or fall in prices in the mufasil markets, so that the traders in those markets will be able to guard themselves against exceptional losses.

It is true that in the long run the price of pucca bales in which alone transactions are carried on in the East India Jute Association and the price of loose jute must move in sympathy. So far as this is the case, the need of a future market in loose jute loses its force. But Dr. J. C. Sinha points out that "in the short period the relation between these two prices is not necessarily close enough to permit of any effective hedging by any loose jute trader. This in a way makes out a case for future market in loose jute particularly when loose jute is a matter of primary concern to the cultivator. Our Committee without definitely committing themselves to the view of establishing a future market in loose jute, recommend the above view to the consideration of the Committee.

(b) The need of a future market in jute has been questioned on the ground that jute is a monopoly of Bengal and therefore the need for an insurance against fluctuations in price (such as may be necessary in regard to a commodity having several competing sources of supply) does not arise. The argument however does not hold good in regard to the jute trade in the present circumstances. Jute is not strictly an economic monopoly owing to the ignorance and disorganised state of the cultivators. They have sometimes to sell crop at an incredibly low prices. Their ignorance of the market conditions place them entirely at the mercy of organised army of buyers. A future market would be a boon in these circumstances as providing not only a wider market but also giving helpful information about the world demand for jute. Fluctuation in the price of jute is no less violent than in other staple commodities and from this point of view also a future market is necessary.

The Jute Futures Market Committee outlined the following scheme for the control of a future market with which Our Committee are also in agreement. Under this scheme all balers, shippers, loose jute traders, mills and brokers desirous of operating in futures would become members of the Association. Each panel would elect two representatives to serve on the governing body on which jute growers would also be represented by two nominees of the Bengal Jute Growers Association. The Governing body would thus consist of twelve members who would be representative of the entire jute trade.

(c) The future market "would minimise the inevitable trading risk by providing the machinery for the transfer and spread of the risk among a body of professional risk bearers or speculators. The genuine trader is thus able to a large degree to ensure to himself a normal trading profit and to insure himself against unforeseen exceptional losses." Also refer to first paragraph of 16 (a).

17. (a) Thirteen maunds per acre in Jessore and Nadia, 15 maunds in Dacca, 16 maunds in Mymensingh 10 maunds in Rajshahi. According to estimates the average yield is 16 maunds per acre, but yields as high as 40 maunds per acre have been authentically recorded.

(b) The cost of production comes to about Rs. 6-8-0 per maund the average yield being estimated at 16 maunds per acre.

(c) The Director of Agriculture, Bengal, estimated the cost of jute production per acre in 1929-30 which is undoubtedly scientific as follows:—

				Presidency, Burdwan and Rajshahi Divisions.		Dacca and Chittagong Divisions.	
				Rs.	a.	Rs.	a.
Cost of human labour (at 11 to 12 annas per man)	..	..	..	56	6	61	8
Bullock power (at 12 annas for a pair of bullocks)	..	..	..	21	12	21	12
Seed	..	..	..	3	0	3	0
Manure	..	..	..	10	0	10	0
Rent	..	..	..	6	0	6	0
				97	2	102	4

The cost comes to about Rs. 6-8 per maund. The average yield per acre being estimated at 16 maunds. According to A. Haque it is Rs. 3-10 per maund taking account of fluctuations in the depression period.

18. There can be no definition of fair profit, it being a relative term. Fair profit may not include winfare gains.

19. (a) The margin of producers profit can be increased by adjusting supply over which he has control, to demand in such a manner as to yield him the maximum return. This is particularly possible in jute, it being a monopoly, by carefully studying the elasticity of demand.

(b) Yes.

20. The consumers, as a whole, of jute are highly organised and they act in concert. There is no appreciable competition among them to get hold of jute and in consequence to increase the price. Rather there is too much competition among the jute growers due to their unorganised character to sell the jute.

21. Our Committee, after careful consideration, have recommended a scheme of compulsory restriction, particularly because jute is a monopoly of Bengal. The restriction scheme postulates effective control over supply so that it may be adjusted according to the variations in demand. That being so supply will be naturally disposed of at the highest remunerative price available. In the face of it, it is necessary to consider whether it is advisable to fix minimum prices. Our Committee are of opinion that the case for the fixation of minimum price does not arise in the case of jute. Legislative fixation of minimum price can be recommended to cases where the control over supply is not possible. Besides the overlapping of two schemes, namely, restriction and minimum price fixation may cause administrative difficulty and unnecessary confusion. The objects sought to be achieved by price fixation are inherent in a scheme of restriction and hence our committee do not recommend minimum price fixation in the case of jute.

22. Does not arise so far as our Committee concerned though on whom the real incidence falls is a matter for consideration. The export duty is not protective, but for revenue purposes only. The real incidence of the export duty falls on foreign consumers, but to a certain extent it is shifted on to the producers as well. The unorganised nature of the cultivators robs them of their bargaining strength. It is not impossible to realise a part of the taxable amount from them by paying them lower prices than would have been ordinarily paid without taxation, should the exporters feel that by this device they can augment their foreign trade. In such an event the selling price of jute will inevitably go down, however little it may be, and must therefore cut down the cultivators' margin of profit. Even in the ordinary course export duty will have a depressing influence on price. But jute being a monopoly and indispensable to world trade such a depressing influence may not be of any significance.

23. (b) So far as our Committee are aware, variability would depend on many factors such as world demand, the amount of tax, the nature of supply and so on. If all the factors remain constant, there would be no variation whereas if the factors vary, the effect of jute export duty on prices paid to producers will vary.

24, 25 and 26. Do not arise so far as our Committee are concerned.

27. According to the majority report the difference between what the cultivator gets for his jute and the Calcutta price is Rs. 1-4 to Rs. 1-8 per maund.

(b) Mr. J. N. Sen Gupta in his "Economics of Jute" estimates the middle men's profit at annas four per maund. The aforesaid difference of Rs. 1-4 or Rs. 1-8 per maund can therefore be reduced if middle-men are excluded.

29. Average price of raw jute per maund.

Price of manufactured jute.

				Export price per maund.		Price of manufactured jute per maund.	
Rs. a.				Rs.		Rs.	
1900-1914	5 4	1909-14	..	13½	7½
1915-19	6 15	1919-29	..	22	14½
1920-29	9 6	Depression period.			
1930-34	3 10	1930-34	..	14	8

(b) The prices in raw jute show a steady rise from 1900 to 1929 a period of 30 years. That disposes of arguments regarding any systematic overproduction having taken place in this period. The reason for the rise is the increasing demand in the world abroad of Bengal jute. From 1925-26 to 1930 the demand for jute goods remained comparatively stationary. Thus eventually more jute goods were produced than were required by the consumers. With the onset of the depression in 1930-31, it was found that the actual quantity of raw and manufactured goods was far larger than what was necessary. There was a bumper crop in 1930-31 for which there was no market. Over-production combined with under consumption accentuated the fall in price to an incredibly low figure, far below cost of production. This shrinkage in demand continued to work disaster on the trade.

It will appear from the above table that in the pre-war period the difference between the harvest price of fibre per maund and the average price of a maund of jute fabric (manufactured jute) was about Rs. 2 (being the difference between Rs. 7-8 and Rs. 5-4). Of the amount Re. 1 may be taken to be the difference between the Mufassil and Calcutta prices of loose jute. The balance of Re. 1 is the earnings of the mills. The corresponding difference between the prices of fibre and fabric in the post-war period was about Rs. 5 of which excluding Re. 1 as the margin of Calcutta prices of loose jute over harvest prices, Rs. 4 represented the earnings of mills. During the depression period the earnings of the mills was from Rs. 4 to Rs. 3-8 despite its fact that a debacle had overtaken the jute trade. The fact that the mills in India had been obtaining about 4 times their normal earnings according to the pre-war standard in the catastrophic depression period furnishes a glaring maladjustment between raw and manufactured jute. The reason is that mills wanted to make unusual profits, far above their normal earnings, with serious far-reaching consequences of jute trade.

(c) The difference between the prices of raw and manufacturing jute can be reduced and maladjustment minimised if the manufacturers be content with their normal earnings as reflected in the pre-war standard. The gap can be reduced, no doubt, by a reduction in manufacturing cost. But that will cause economic disequilibrium in the country and hence that procedure cannot be advised. The reduction in manufacturing cost in the shape of lower profits to the manufacturers as envisaged above is recommended.

30. The curtailment of the local demand for jute, which the restriction scheme adopted by the mills entailed, acted as a potent factor in keeping down the price of raw jute at a depressed level. Had the mills been content with normal earnings, it should have been

possible for the cultivators in Bengal to obtain an additional amount of Rs. 2-8 per maund of jute bringing the depression period price to Rs. 5-8 per maund or more.

31. (a) If the price of jute were allowed to rise to this level without involving any increase in the price of the fabric manufactured in India the industry abroad would perhaps not have gained so much at the expense of local mills. There would have been no necessity for any restriction. Price of manufactured goods would have normally gone up due to enhanced demand by natural forces. Restriction has been an ill-advised step.

(b) The Restriction Agreement cannot evidently be a success. The mills should not have hankered to keep up the extraordinary profits of the postwar period in times of acute depression. Could they be satisfied with pre-war profits, their position would not have been precarious. The Restriction Agreement was based on a misunderstanding of the real economic maladjustment, and hence cannot be a success.

(c) No restriction is advocated for reasons noted in 29 (b), (c), 30, 31 (a), (b).

32. "The very fact that mills situated at a distance of several thousands miles from India manufacturing jute goods from the fibre obtained from this country, are yet able to compete with and undersell. Indian mills, strongly suggests that the prices charged by Indian mills are not warranted by the trade."

In the same page, Mr. Sen Gupta says that "It is admitted that the Indian mills are to some extent handicapped by the restriction scheme which they have voluntarily imposed on them."

The above furnishes the answer to the question that restriction scheme is no solution for improving the price of manufactured jute. The price of raw jute has already improved to a certain extent due to its large consumption by foreign mills, designed to displace Indian manufactures from markets, local and foreign.

The cultivators can share in the increased price if only manufacturers would forego a part of their abnormal profit.

33. It is a standing complaint with jute trade that freight rates are unduly high and weigh very heavily on the trading and agricultural interests. Jute Enquiry Committee reports that at the time of enquiry the freight charged was even higher than what it had been in 1918 and that all appeal towards reduction have failed. Freight rates are unresponsive to the trade there has been no appreciable reduction in the freight rate on jute in particular, although this trade has suffered catastrophic reverses.

(c) It has been noted how the freight rates have continued at the same level in complete disregard of the debacle in the jute trade which the depression brought in its trail. The steamer and railways companies refuse reductions commensurate with the depression in jute trade on the ground that any considerable reduction would be unremunerative to them, the improvement in freight charges, if any, can come only by agreement as the I. G. N. and R. S. N. Companies and E. B. Ry. have no alternative competitions. The Indian Jute Mills Association have made repeated attempts towards reduction of freight charges but have achieved little success. Alternatively Government help may be sought, and it may be possible to set up a standard of rates.

fixed by a Joint Committee composed of representatives of jute interests transport services, and Government, presided over by an unconnected non-official chairman.

34. (a) Jute forecasts are immensely helpful to the trade in jute as the forecasts give an approximate idea of the supply of fibre to traders long before the crop is marketed, so that manufacturers can receive orders in advance and fix up prices on the basis of the estimated outturn of crop. The production of jute is uncertain inasmuch as it depends on many factors. It would have been impossible for the manufacturers to enter into forward contracts should there be no forecasts every year.

(b) Large firms, have mufassal agencies who supply facts and figures to them and on the basis of such information the private firms prepare their own forecasts.

35. The present Government system of compilation of the jute forecasts is unsatisfactory because the forecasts are generally inaccurate. The forecasts are prepared by the Director of Agriculture on the strength of the information supplied to him by the Union Boards. They are supposed to check the actual area of jute on village maps from which their respective totals are compiled, what they usually do is to furnish figures on guess work, which are always conservative and far from the truth.

36. Extra staff may be allotted to the Collectors for the jute forecast. A really careful annual survey of a few villages in each of two or three parts of a district would yield a much better basis for an estimate than anything which is at present supplied to the Director of Agriculture from the districts: Finlow Report.

37. (a) Yes, it can be obtained.

(b) Our Committee would not prefer the method of random sampling for its obvious difficulties and the inaccuracies to which such a method may easily be subject.

Though our Committee are not competent enough to give an actual estimate of cost, there is no reason to suppose that it will be prohibitive if the services of village chaukidars and Union Boards are availed of in the matter, with competent directors at the head.

39. Yes, it is quite possible. As a matter of fact such figures have been collected for several years past.

40. (a) There is no reason why holders of stock cannot be compelled to submit returns.

(b) If general enquiry fails to elicit the desired information, legislation would be necessary. It is always better to try voluntary methods before eliciting information through legislative pressure.

(c) If dealers outside India respond to enquiry of the sort contemplated, figures for stock ex-India can be obtained. But it is difficult to say how far will be the response to such an invitation if revelation of the stock in hand is construed as giving away "trade secrets."

41. The present system should continue, but a wider publicity should be given. Besides being published in the "Calcutta Gazette" it should be available to subscribers in the form of bulletins as often and as early as possible.

Report on Jute Statistics and Information by the Indian Central Jute Committee.

SECTION I.

I. The 1937 and 1938 Jute Crops.

It is proposed in the following note to follow the main lines of the note on Jute Statistics and Information put before the Committee at its third meeting on the 2nd March 1938. The Committee's Correspondent in the Argentine has supplied to the Committee regularly monthly reports on conditions affecting jute consumption both in the Argentine and the neighbouring South-American countries, and it is proposed to the Committee that this survey should be continued for at least one more year. But the supply of information from the North American continent has not yet been put on to a satisfactory basis and, in view of the importance of this market it is regarded as increasingly urgent that this should be done.

Following the lines of last year's report it is proposed to bring the figures for the world consumption of jute up to date to the end of the jute year 1937-38, and as before we start with consumption of jute by mills in India. Table I shows the purchases of jute by Indian mills and it will be noted that during 1937-38 purchases by Association mills were reported to have increased by 3½ lakhs of bales only while the total purchases by Indian mills increased by 3 lakhs of bales only to 66·6 lakhs.

Table I.

Purchase of raw jute by Indian mills.

Year. (July-June).				Purchase of Association mills. (Lacs of bales.)	Estimated purchase of outside mills. (Lacs of bales.)	Total purchase by Indian mills. (Lacs of bales.)
1932-33	..	..	..	48·64	7·28	55·92
1933-34	..	..	..	41·03	7·47	48·50
1934-35	..	..	..	50·82	9·72	60·54
1935-36	..	..	..	40·25	7·53	47·78
1936-37	..	..	..	55·51	8·05	63·56
1937-38	..	..	..	59·06	7·54	66·60

In Table II is shown, again, the production of the Indian mills, and it is noted that in 1937-38 the reported production of the Association mills was 5 lakhs of bales higher than during the previous year, while that of the non-Association mills was stationary or fell slightly. The total production of all mills was thus 5 lakhs of bales higher than the previous year, at 75·42 lakhs of bales against their total purchases of 66·6 lakhs of bales indicating a reduction of stock of raw jute with the mills by 9 lakhs of bales.

Table II.*Production of Indian jute mills.*

(Lakhs of bales.)

Year. (July-June).	Production by mills reporting to the Associa- tion.	Production by non- Association mills not reporting.	Total pro- duction by Indian mills.	Total pur- chase by Indian mills.
	A.	B.	C.	D.
1932-33	46.58	4.24	50.82	55.92
1933-34	45.98	4.83	50.81	48.50
1934-35	48.71	5.43	54.14	60.54
1935-36	52.93	6.01	58.94	47.78
1936-37	64.50	6.10	70.60	63.56
1937-38	69.52	5.90	75.42	66.60

In Table III is shown the production by Indian mills, export of jute goods, consumption of jute goods in India and Burma and, finally, the reported stocks of jute goods with the mills at the end of the year. It will be seen that although mills production increased by 5 lakhs of bales, the export of jute goods abroad decreased by a similar amount. But during the year stocks of jute goods with the mills increased from 4.6 to 11.2 lakhs of bales.

Table III.*Production, export, Indian consumption and stocks of jute goods.*

Year. July-June.	Production by all Indian mills.	Exports of jute goods abroad (excluding Burma).	Consumption of jute goods in India and Burma.	Export of jute goods and consump- tion of jute goods in India and Burma.	Approximate stock of jute goods with mills at the end of the year.
	A.	B.	C.	D=B+C.	E.
1932-33 ..	50.82	38.39	..	..	..
1933-34 ..	50.81	37.32	13.90	51.22	4.7
1934-35 ..	54.14	39.98	14.00	53.98	5.4
1935-36 ..	58.94	41.84	14.90	56.74	5.2
1936-37 ..	70.60	57.22	15.50	72.72	4.6
1937-38 ..	75.42	52.31	15.90	58.21	11.2

The consumption of jute by Indian mills was apparently 75.4 lakhs of bales but it should be noted that exports and internal disposal of the jute goods produced totalled 68.2 lakhs of bales only.

The second large item of jute consumption is the export of raw jute to foreign countries for manufacture there. This is shown in Table IV in considerable detail. It will be seen that in 1937-38 there was a serious drop in the export of raw jute. In the official year this drop was 4 lakhs of bales, while for the jute years the export of raw jute was 11½ lakhs of bales less in 1937-38 than in 1936-37.

Table IV.

Exports of raw jute to different countries in lakh of bales.

(Official year.)

Countries.	1928 -29.	1929 -30.	1930 -31.	1931 -32.	1932 -33.	1933 -34.	1934 -35.	1935 -36.	1936 -37.	1937 -38.	Average.	Percentage to Total.
1. United Kingdom. ..	11.30	9.23	6.04	8.65	7.25	9.92	9.32	9.30	10.43	8.11	9.96	21.88
2. France ..	6.13	5.96	5.00	2.90	3.86	4.69	4.65	4.21	4.73	3.64	5.58	11.0
3. Italy ..	3.40	3.07	2.36	2.47	2.10	3.64	4.87	2.75	22.7	4.20	3.31	8.08
4. Spain ..	2.40	2.50	1.85	1.99	2.37	1.99	2.41	2.85	0.94	0.11	1.94	4.74
5. Germany ..	14.75	12.12	9.46	7.33	6.82	9.26	7.43	8.51	8.36	8.31	9.24	2.56
6. Belgium ..	3.08	2.59	2.68	2.57	2.28	3.13	3.35	3.12	2.88	2.88	2.90	7.08
7. Netherlands ..	0.96	1.21	1.09	0.68	1.23	1.55	1.22	1.09	0.71	0.97	1.07	2.61
8. Sweden ..	0.05	0.02	0.02	0.04	0.18	0.30	0.37	0.36	0.33	0.36	0.20	0.49
9. Poland ..	..	..	..	0.003	0.07	0.10	0.16	0.40	0.55	0.42	0.24	0.59
10. U. S. S. R. ..	..	0.03	0.10	0.17	0.006	0.02	0.20	0.85	0.48	1.06	0.32	0.73
11. U. S. A. ..	5.25	4.45	2.97	2.75	2.01	2.90	2.89	4.45	4.88	5.55	3.81	9.30
12. Brazil ..	0.68	1.03	0.85	0.88	0.74	1.07	1.00	1.11	1.17	1.43	1.00	2.44
13. Argentine ..	0.35	0.33	0.30	0.39	0.40	0.48	0.51	0.39	0.54	0.59	0.43	1.05
14. Egypt ..	0.71	0.88	0.84	0.50	0.30	0.50	0.46	0.69	0.87	0.81	0.66	1.61
15. China ..	0.32	0.45	0.44	0.50	0.57	0.59	0.68	0.70	0.77	0.80	0.58	1.42
16. Japan ..	0.67	0.90	0.34	0.56	0.81	0.97	1.30	1.32	1.88	0.86	0.96	2.34
17. Australia ..	0.03	0.03	0.03	0.06	0.08	0.05	0.07	0.08	0.08	0.11	0.06	..
Total (official year)	50.28	45.19	34.70	32.85	31.52	41.90	42.15	43.19	45.91	41.86	40.96	..
Total (jute year)	47.47	45.12	34.16	31.13	35.13	42.48	43.86	41.86	48.84	37.82	40.88	..

The consumption of raw jute in villages in India has again been taken, on the basis of the calculations of last year, as 1½ lac of bales instead of the 5 lacs of bales which has been shown for the last 30 years. Table V is therefore not necessary this year.

We can now calculate in two ways the total world consumption of jute in 1937-38. Table VI gives the total world consumption as made up of production (consumption) by Indian mills, export of raw jute and consumption of raw jute in the villages. Calculated in this way for 1937-38 the figure is 114 lacs of bales which is 6½ lacs of bales less than the world consumption of 1936-37.

Table VI.*Total world consumption of jute.*

(Lacs of bales.)

Year. (July-June).			Production by Indian mills.	Export of raw jute.	Consumption of raw jute in villages.	Total consumption.
1932-33	..	..	50.8	35.1	1.5	87.4
1933-34	..	..	50.8	42.5	1.5	94.8
1934-35	..	..	54.1	43.9	1.5	99.5
1935-36	..	..	58.9	41.4	1.5	101.8
1936-37	..	..	70.6	48.8	1.5	120.9
1937-38	..	..	75.4	37.3	1.5	114.2

The other method of arriving at this figure for world consumption is shown in Table VII where total consumption is taken to be made up of the export of raw jute, the export of jute manufactures, the Indian consumption of jute manufactures, and the village consumption of raw jute. Calculated in this way, the consumption of 1937-38 comes to 107 lacs of bales as compared with 123 lacs of bales for the previous year, and there is a difference of approximately 7 lacs of bales between the figure arrived at by the two methods (*Cf.* Tables VI and VII).

Table VII.*Total world consumption of jute.*

(Lacs of bales.)

(July-June).		Export of raw jute.	Export of jute manu- factures.	Indian con- sumption of jute goods.	Village con- sumption of raw jute.	Total consumption.
1928-29	..	49.5	51.1	13.0	1.5	115.1
1929-30	..	45.1	52.9	13.0	1.5	112.5
1930-31	..	34.2	40.1	13.0	1.5	88.8
1931-32	..	31.1	37.1	13.0	1.5	82.7
1932-33	..	35.1	38.4	13.0	1.5	88.0
1933-34	..	42.5	37.3	13.9	1.5	95.2
1934-35	..	43.9	40.0	14.0	1.5	99.4
1935-36	..	41.4	41.8	14.9	1.5	99.6
1936-37	..	48.8	57.2	15.5	1.5	123.0
1937-38	..	37.3	52.3	15.9	1.5	107.0
10 years' average	..	40.9	44.8	13.9	1.5	101.1

This difference is due to the fact that in 1937-38 the export of jute manufactures plus the Indian consumption of jute goods totals 68.2 lacs of bales only, whereas the production by the Indian mills

for that year was 75.4 lacs of bales, that is to say, of the production 7 lacs of bales went into increased stocks of manufactures. From Table III, we have seen that stocks of manufacture did in fact during that year increase by nearly 7 lacs of bales. Therefore it becomes obvious that while the stocks are changing, a truer figure for the world consumption of jute is derived from the export of jute, raw and manufactured, plus the Indian consumption of jute, raw and manufactured.

It is clear that the world consumption of jute in 1937-38 was 107 lacs of bales only which was a serious drop from the 123 lacs of bales of the previous year. As during 1937-38 prices of raw jute fell steadily and prices of manufactures also showed a steady drop, the conclusion seems to be that the world was well stocked with the jute required for a *somewhat reduced volume of world trade* anticipated in 1938.

The apparently large changes from year to year in the total world consumption as shown in the last column of Table VII are decidedly disturbing. In 1930-31 the consumption was 24 lakhs of bales lower than in the previous year. There was then a steady rise until 1936-37 when there was an increase of 20 lakhs of bales over the previous year followed in 1937-38 by a fall of lakhs of bales.

We will now consider the production of jute during the crop year 1937-38. This has again been calculated in two ways:

				Lakhs of bales
Firstly, the arrivals into Calcutta Jute mill area	..	..	..	100.5
Arrivals into Chittagong	..	..	..	1.93
Direct export from jute areas to the rest of India	..	..	..	1.82
Village consumption in the jute areas	..	..	..	1.25
Consumption by Bihar mills	..	..	..	1.13
			Total	106.6

The other method is:—

The export of raw jute	..	..	..	37.3
Purchases by Indian mills	..	..	..	66.6
Village consumption	..	..	..	1.5
				105.4

Trade estimates indicated an increase of stocks up-country at the end of June, 1938, of 5 lakhs of bales, and increase of stocks in Calcutta of 1 lakh of bales, so that including these the production calculated by these two methods comes to 112 lakhs of bales. If we neglect the stocks entirely, then it was 106 lakhs of bales. This last figure is extraordinary close to what we have calculated to have been the world

consumption during that year, and we can say firmly that during 1937-38 the world's consumption and visible production of jute balanced at about 106 lakhs of bales.

We will now consider the position during the present year 1938-39. Government's final forecast for the 1938-39 crop was 69 lakhs of bales. The arrivals of jute into Calcutta and the mill area from 1st July to 31st December 1938 were 60·16 lakhs of bales, and the export of raw jute during the same period was 20·79 lakhs of bales. Exports during 1938 were at first somewhat slower than those in the corresponding months in 1937, but by December 1938, exports seemed to have just passed those of 1937 though not sufficiently in excess to suggest that the total export will be appreciably greater than last year when it was only 37 lakhs of bales.

The position as regards local consumption is that the Association mills consumed from July to December 1938 31½ lakhs of bales corresponding to a consumption of about 34 lakhs of bales by all mills. The difference between arrivals and exports in the six months was 39 lakhs of bales and it looks as if stocks in the Bazar or in the mills had increased during the first half year by about 5 lakhs of bales.

Stocks of Raw Jute.

Mills reported their stocks of raw jute at 30th June 1938, at 29·23 lakhs of bales. Under the agreement recently reached, the consumption of jute has been reduced from approximately 5 lakhs of bales per month to about 4½.

It seems likely therefore that the mills in India on 31st December 1938, had stocks equivalent to 8 or 9 months' consumption at the recently reduced level of output.

Table VIII.

Purchase, consumption and stock of jute of the Indian mills.

(Lacs of bales.)

Year	Purchase of raw jute.	Consumption of raw jute.	Difference (Purchase —Consumption).	Reported stock at the end of the year.
1937-38	66·60	75·42	—8·82	29·31

Stocks of manufactures with the mills are shown month by month from July 1937, to December 1938, in Table IX. They seem to stand at present at 2½ months production so that at the present level of output the mills have in hand at present about 11 months' stock of jute, raw and manufactured.

Table IX.

Indian stocks of manufactured goods (at the end of the month) with the reporting to the Indian Jute Mills Association.

Month.			Stocks of Hessians (Lacs of yds.)	Stocks of Sackings. (Lacs of yds.)	Total stocks. (Lacs of yds.)	Approximate weight of the stock (Lacs of bales).
1937.						
July	..	..	912	1,138	2,050	4.0
August	..	..	998	1,240	2,238	4.3
September	..	..	1,285	1,298	2,583	5.1
October	..	..	1,423	797	2,220	3.9
November	..	..	1,732	806	2,538	4.3
December	..	..	1,859	820	2,679	4.6
1938.						
January	..	..	2,530	908	3,438	5.9
February	..	..	2,963	992	3,955	6.7
March	..	..	3,535	1,123	4,658	7.9
April	..	..	3,973	1,341	5,314	9.1
May	..	..	4,227	1,406	5,633	9.7
June	..	..	4,279	1,708	5,987	10.4
July	..	..	4,332	1,877	6,209	10.9
August	..	..	4,654	2,257	6,911	12.4
September	..	..	4,659	2,095	5,754	11.9
October	..	..	4,414	1,708	6,122	10.6
November	..	..	4,466	1,493	5,959	10.2
December	..	..	4,740	1,403	6,143	10.4

American stocks in relation to consumption are shown in Table X and total stocks at any time seem to average about six months consumption.

Table X.*U. S. A. Hessian stock and consumption.*

(Millions of yds.)

Month.	Stocks at the end of the month.			Consumption during the month.
	Spot.	Afloat.	Total.	
1937.				
July. 	212	166	378	67
August 	210	155	365	72
September 	229	112	341	79
October 	221	126	337	75
November 	208	123	331	64
December 	205	144	349	61
1938.				
January 	179	156	335	57
February 	207	115	322	62
March 	206	104	310	65
April 	206	100	306	52
May 	205	106	311	47
June 	205	121	326	50
July 	208	125	333	48
August 	221	111	332	58
September 	211	118	329	66
October 	207	118	325	68
November 	198	124	322	58
December 	211	101	312	60

One subject of those notes and figures is to put together the available information to guide the grower who is about to plant his 1939 crop. The facts we can give are:—

- (1) The 1937-38 crop was 106 lakhs of bales, not counting changes of stocks and just met the world demand of that year. Of this 106 lakhs of bales 62 had arrived in Calcutta by 31st December 1937. Of the 1938-39 crop 60 lakhs of bales had arrived by 31st December 1938.
- (2) The stocks with mills in India on 30th June 1938, were 30 lakhs of bales of raw jute but 10 lakhs bales of manufactures.
- (3) The mills in India have now concluded an agreement to regulate their hours of working. The consumption of jute under the schedule of shorter hours that has been in force for the last four months of the mills reporting to the Association is 4 to 4½ lacs of bales per month equivalent to 50 to 54 lakhs of bales in the year.
- (4) The export of raw jute for manufacture abroad was in 1937-38, 37 lakhs of bales and during the first six months of this jute year 21 lakhs of bales have been exported, suggesting a total export for the year of 40 lakhs.
- (5) Europe is rearming as fast as possible and a very important item of modern defence equipment is sandbags.

Tables XI, XII and XIII following show in detail the exports of jute goods to different countries and the percentages of exports of hessians and sackings and of bags and cloth, all brought up to date to the 31st March 1938.

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Table XI.

Exports of jute goods (bags and cloth) to different countries in thousands of tons for official year.

	1928-29.	1929-30.	1930-31.	1931-32.	1932-33.	1933-34.	1934-35.	1935-36.	1936-37.	1937-38.	Average.	Percentage to total.
(1) Asiatic Turkey, Syria, Mesket, Iran, Aden, Bahren Is., Iraq.	5.4	6.2	4.5	6.6	7.5	7.8	5.5	4.9	8.9	8.5	6.6	0.8
(2) Ceylon, Strait Settlements, Sumatra, Java, Borneo, Mauritius, Seychelles, Maldives.	67.2	65.3	67.8	58.3	36.1	36.5	24.1	29.9	46.5	58.6	49.0	6.2
(3) Philippines, Fiji, Celebes, N. Guinea.	8.1	11.3	10.2	10.6	14.4	13.7	10.6	12.8	15.8	16.1	12.4	1.6
(4) China, Japan, Formosa, Siam, Indo-China.	69.1	89.1	37.7	49.9	57.7	47.1	85.4	80.5	99.0	100.6	71.6	9.0
(5) Australia and New Zealand.	126.7	107.2	116.7	92.5	128.8	107.4	87.2	94.1	107.3	105.1	107.3	13.6
(6) United States of America	267.2	283.6	216.6	169.8	139.4	162.5	153.5	193.0	260.5	237.6	208.4	26.3
(7) Canada	19.8	21.4	18.1	16.8	17.9	21.4	18.4	19.7	26.8	25.3	20.6	2.6
(8) Argentine	99.3	98.9	63.7	34.2	69.3	52.7	66.0	51.8	78.6	79.0	69.4	8.8
(9) Rest of America ..	106.1	105.2	75.8	52.4	53.7	60.0	62.4	61.3	72.6	69.0	71.9	9.1

(10) South Africa ..	24.8	25.3	26.1	23.9	23.2	21.1	29.1	29.7	32.7	36.8	27.3	3.4
(11) Rest of Africa ..	42.8	50.7	45.1	42.9	44.3	57.9	65.1	79.6	86.1	98.7	61.3	7.8
(12) United Kingdom and Ireland	46.4	59.7	42.5	52.3	50.0	47.0	47.2	61.2	88.9	90.2	58.5	7.4
(13) Belgium ..	5.2	9.1	8.6	5.3	5.5	8.4	6.7	7.1	10.8	9.2	7.6	1.0
(14) Rest of Europe ..	15.0	17.3	20.5	28.5	20.0	18.1	15.0	18.1	23.2	17.3	19.3	2.5
Total Bags and Cloth (official year).	903.1	950.0	753.8	644.0	667.9	661.5	676.1	743.6	957.8	952.1	791.0	100.1
Total including twist yarn, etc., (official year).	911.5	958.0	766.6	663.6	679.7	672.2	684.7	752.0	971.6	969.0	802.9	..
Total including twist, yarn, etc., in lacs of bales (official year).	51.0	53.6	42.9	37.2	38.1	37.6	38.4	42.2	54.4	54.3	45.0	..
Total including twist and yarn, etc., in lacs of bales (Jute year).	51.1	52.9	40.1	37.1	38.4	37.3	40.0	41.8	57.2	52.3	44.8	..

*Figures for the years 1928-29 to 1936-37 have been calculated from the figures published by the Director General of Commercial Intelligence and Statistics and are for the whole of India. 1937-38 figures are actual tons computed from the Daily Export list of Calcutta Customs and are for Bengal only.

Table XII.

Percentages of export of hessians and sackings to different countries.

Countries.	Hessians.				Sacking.			
	1929-30.	1935-36.	1936-37.	1937-38.	1929-30.	1935-36.	1936-37.	1937-38.
Europe	6.2	12.7	13.5	14.5	11.9	10.6	12.1	10.9
Africa	2.6	4.5	3.2	3.9	13.1	23.9	21.9	24.5
Near East	0.1	0.3	0.4	0.4	1.1	1.0	1.5	1.4
Far East	2.8	3.5	3.7	5.1	31.2	28.3	30.4	31.7
Australia and New Zealand	3.5	4.6	3.8	3.5	18.7	20.0	19.4	18.6
United States of America ..	57.3	54.1	53.2	49.4	3.8	0.4	0.3	0.5
Argentina	20.3	12.6	14.8	15.4	1.0	1.8	1.4	1.2
Rest of America	7.2	7.7	7.9	7.7	19.1	13.8	13.0	12.1
Total	100.0	100.0	100.0	99.9	99.9	99.8	100.0	100.0

Table XIII.

Percentages of export of bags and cloth to different countries.

Countries.	Bags.				Cloth.			
	1929-30.	1935-36.	1936-37.	1937-38.	1929-30.	1935-36.	1936-37.	1937-38.
Europe	13.1	13.0	14.8	12.0	4.8	9.8	10.5	12.5
Africa	14.1	23.7	21.3	24.4	1.4	2.5	2.0	2.4
Near East	1.1	1.0	1.3	1.1	0.1	0.2	0.5	0.7
Far East	31.0	26.4	28.4	30.2	2.3	3.4	3.4	4.6
Australia and New Zealand	19.0	19.4	18.7	18.0	2.8	3.5	2.5	2.9
United States of America ..	1.6	1.4	1.3	1.2	61.0	58.8	57.3	52.6
Argentina	0.5	1.1	0.7	0.6	21.3	14.8	17.0	17.2
Rest of America	19.8	13.9	13.5	12.4	6.0	6.9	6.8	7.0
Total	100.2	99.9	100.0	99.9	99.7	99.9	100.0	99.9

SECTION II.

II. Cultivation and uses of Jute and Jute substitutes outside India.

Jute is the cheapest packing material and is extensively used throughout the world. Its cultivation is still almost an Indian monopoly. But jute and similar fibres are being increasingly grown in different parts of the world and vigorous attempts are being made to substitute for Indian jute these home grown fibres.

During the Great War a drive was made by all the important jute consuming countries to grow jute themselves or to find some substitute for jute, because they were afraid that Indian jute might not be available to them. The cultivators of jute was successful in several parts of the world by due to inexperience, lack of trained labour and knowledge of the proper methods of retting the cost was high. Several substitutes were also found but their cost of production was too high to compete with Indian jute. After the war these attempts were largely given up.

Up to 1930 the only serious competitors of jute were paper bags and the bulk handling method. The cement trade required bags so cheap that they need not be returned to the manufacturers of cement. Paper bags suited the purpose and are now the main packing material for cement and the cement firms have invested considerable money in the production of paper bags. After the boom of 1929 came the depression and the period of unemployment. Every Government was in search of work for its unemployed people and also wanted to be self-sufficient. With it reappeared the question of the use of substitute fibres and cultivation of jute. High priced home made bags began to be used in different countries and the entry of Indian jute and jute bags was curtailed by law to help the home industries.

At present attempts to grow jute and jute substitutes are being made everywhere, but so far except in the two cases of paper bags for cement and bulk handling of grains the result do not appear to have seriously affected the jute industry.

Following is a series of notes on attempts being made in different countries to develop either locally grown jute or substitutes for jute. At the end of these, there are three Tables showing :—

Table I.—The change in the net imports of raw Jute into the main consuming countries outside India between the two boom periods of 1928-29 and 1936-37. This Table indicates a possible reduction in the importation of jute by these countries of 68,000 tons or rather less than 10 per cent. of the total export.

Table II.—Shows the export of jute goods from India to the various countries of the world again during the two peak periods, 1928-29 and 1936-37. This Table indicates on the whole an increase of about 60,000 tons, so that from these two although there are evidently minor changes—it seems that the slight reduction in the exports of jute has been balanced by a slight increase in the exports of jute manufactures. In neither case is the change at present serious.

Table III.—Shows for the series of years from 1927-28 to 1937-38 the exports of raw and manufactured jute with their export prices per ton for each of those years, and from it one would conclude that

the price of jute and jute manufactures is not a determining factor in the amount of jute that is consumed by the world. The consumption in 1928-29 was equivalent to the consumption in 1936-37 although the price in the former case was double what it was in the latter.

This conclusion should, however, be received with caution. When the export of jute and jute products reached its peak in 1928-29 at a high price level the world had not begun seriously and intensively to search for substitutes from the nationalistic point of view. It was from the depression of 1930 onwards that so many countries began seriously to try to make themselves self-supplying in such products. The position as regards the availability of substitutes is very different to-day from what it was in 1928-29. Although the volume of substitutes actually being used at present is small and may be considered almost negligible, there is no doubt that the knowledge is now there and that, if a serious increase in price should provide the incentive, the use of substitutes could and would be rapidly increased. The magnitude of the substitution that might then take place can only be judged from the case of paper bags for cement. That 50 per cent. of the world's cement should be packed in paper bags means a loss of market for 20 lacs of bales of jute.

Notes on jute substitutes.

1. *Germany*.—Jute products sold in Germany for domestic consumption contain a mixture of flax, hemp or paper, as the use of pure jute goods is prohibited by law.

Attempts are being made to use broom fibre as a jute substitute. A new fibre made from branches and twigs of trees has been made and is reported to be as good as hemp or jute.

2. *Italy*.—During 1937 the demand for jute within the country was met to a considerable extent by goods made of a mixture of jute and home grown hemp. 13,000 tons of hemp were used for the purpose. Also 1,000 tons of esparto fibre extracted from esparto grass, were distributed among the jute mills for mixing with jute.

Experiments with broom fibre as a jute substitute have been partly successful.

A new company has been established in Milan, the purpose of which is to enable the production of jute and similar fibre in Ethiopia. The starting share capital is only 10,000 lire, but this is only nominal. The object is the cultivation of jute substitute fibres in East Africa. At the same time experiments are being conducted to endeavour to grow real jute in districts with a suitable climate for its production.

A firm has been registered in Rome with a share capital of 300,000 lire for planting and distribution of jute thread substitutes and thus to render foreign jute importations superfluous.

'Sniafiocco', a kind of artificial silk and other local fibres are being used in the manufacture of cloth for small bags. This cloth is largely used for bags containing 50 kilos of flour, bran, chemical products and macaroni.

Experiments have shown that ramie fibre can be successfully used as a jute substitute.

The Supreme Commission for Antachy has passed a resolution in 1938 recommending the use of a fixed percentage of Italian fibres in the manufacture of all fabrics sold in the home market.

3. *Egypt*.—500 acres were put under jute and the results were satisfactory. The fibre was removed from the stalk by a machine and then chemically retted. This gave a fibre little darker than Bengal Jute but of satisfactory tensile strength.

4. *Belgian Congo*.—Urena Lobata fibres are being grown in the Belgian Congo. The area under this fibre is growing every year as will be found from the production figure given below.

(Figures are in metric tons.)

1932	1935	1936	1937
268	451	1,223	2,117

5. *Kenya*.—A company has been formed in Kenya to manufacture bags and other manufactures from sisal in addition to the usual goods already made from this fibre. The company, is called Sisal Products (East Africa), Ltd., and was formerly known as Kenya Sisal Manufacturing Co., which was floated with a capital of £15,000 to import and demonstrate the first commercial unit of the new sisal flume waste reclamation plant and to acquire a licence to manufacture locally these new tows into coarse fabrics as substitutes for imported jute manufactures. This company is concentrating primarily on the local market. After two years' commercial operation of the first two units of the new reclamation plant it has been proved that this can be done and when they are installed in more estates there will be an ample supply of tow to supply a commercial system of textile machinery capable of manufacturing coarse fabric equivalent to an annual output between 1,250,000 and 1,500,000 sacks. For these purposes and with these aims in view the capital of Sisal Products, Ltd., has been increased to £100,000.

Machinery has been purchased to manufacture line fibre and tows into large variety of articles including hessians and sackings.

6. *Madagascar*.—There is a sack factory at Majunga which uses locally grown Urena Lobata fibres. During 1937 this mill exported about 900 tons of finished goods.

7. *Turkey*.—Experiments in growing jute in Turkey have so far proved unsuccessful. But recently further attempts to grow jute have been decided upon and 4 tons of real jute seeds and 1 ton of mosta jute seeds ordered.

8. *Iran*.—1,400 tons of jute was grown in 1932, 6,000 tons in 1933 and 3,700 tons in 1934. Recent production figures are not available. There is a sack factory that uses locally grown jute, During 1937-38 it consumed 2,970 tons of jute.

9. *Java*.—A jute-like fibre called Rosella is being extensively grown in Java. At present one mill using this fibre is working at full capacity.

It is reported that Rosella bags are superior to Calcutta made jute bags and the price is Fl. 3-3.5 cheaper than the Calcutta bags (estimated to be Rs. 5 per 100 bags).

The selling agents who are financially interested in the mill's are selling the Rosella bags on the condition that faulty bags will be replaced up to 100 per cent.

The output of the mill is estimated at 2-3 million bags per year. It is rumoured that the owners are planning to increase the capacity of the existing mill and even to build a second mill.

Several other concerns also are taking an interest in this new industry and it is said that a second mill with a capacity of 4-6 million bags is in course of erection.

Almost all the sugar concerns are giving the new bags a trial; the C.M.V., e.g., have reserved 200 bales of their requirements for the next year's crops for Rosella bags. The mill's first production will therefore be placed without difficulty.

Unless unforeseen circumstances arise Java will be self-supporting in 3-4 years, at least so far as sugar bags are concerned which means a reduction of India's export by 30 million bags annually equivalent to 35,000 tons of raw jute.

10. *Siam*.—Experiments in jute growing have proved successful and attempts are being made to grow it on a large scale. Land has been selected and an expert sent to India to study the processes of growing and retting of jute.

11. *Indo-China*.—50 and 100 tons of jute were grown in 1936 and 1937 respectively.

A plant locally known as "Polompom" has been found to supply a fibre similar to jute. It is expected that in 1937 about 100 tons of this fibre will be ready for despatch to the artisan weavers of Tonkin. The Government is interesting itself in the possibilities of manufacturing bags for the export of rice and other cereals from Coconut fibres and Sisal. According to a local expert these bags will be cheaper than jute bags though more rough to the touch.

12. *The Philippines*.—A company with a capital of 2 millions pesos has been started for manufacturing sacks from Manila hemp.

13. *Manchukuo*.—A jute-like fibre called kenaf is being grown in Manchukuo. The area planted to kenaf supplies only a small part of the manchukuan requirements. The Government proposes to extend its cultivation to the point of completely displacing jute and jute goods imported from India. The present Indian export to Manchukuo is approximately 45,000 tons of jute and jute goods. Bags made from kenaf fibre have been found very suitable for handling soya beans.

14. *Japan*.—Japan produces 1,100—1,200 metric tons of jute every year.

15. *Formosa*.—Production of jute in metric tons:—

1934			1935			1936
9,490	..	..	12,529	..	..	8,984

A ten-year plan for the increased cultivation of different crops has been announced. The plan calls for a five-fold increase in the area under jute in the first year (1939). Thereafter the acreage will remain the same and the increased production will be attained by increased productivity. If this scheme is successful Formosa will grow 31,000 tons of jute in 1939 and will increase it to 50,000 in 1948.

16. *New Zealand*.—Since 1934 a large woolpack and sacking factory has been operating at Foxton. This factory uses New Zealand flax as a raw material.

17. *United States of America*.—The Post Office Department of the United States of America had been using jute twine for the last 24 years, but this year (1938) the Department has decided to use cotton twine and has awarded a 319,000 twine contract to a cotton twine manufacturing firm.

The Federal Government of the United States of America is subsidising cotton wrappings for cotton bales by paying the difference in cost between cotton and jute on one million bale coverings this year. The manufacturers will have to sell these cotton wrappings for 45 c. per piece and the Government will pay the manufacturers 28 c. per piece. The jute covering weighs 13 lbs. while the cotton covering weighs only 4-5 lbs. and as cotton is sold by gross weights, the manufacturers will have to pay the farmer the price of this difference of 8-9 lbs. of cotton. Attempts are being made to change sales from a gross to a net weight basis.

18. *Brazil*.—The Japanese settlers in Amazonas are stated to have grown jute successfully. The 1938 crop is expected to be about 500 tons.

In Brazil sacks are made from mixed fibres and about 5,000 tons of home grown Sao-Poulo jute, paco-paco, etc., are annually mixed with jute.

A woolpack from 40 per cent. wool and 60 per cent. of paper has been made in Brazil and is reported to be an efficient substitute for jute woolpacks.

19. *Paraguay.*—The land under jute is increasing every year. In 1938, 600 hectares were under jute.

20. *Mexico.*—A small quantity of jute is grown in Mexico. The local mills are now manufacturing about 6,00 tons of goods which contain only 20 per cent. jute; the rest being a locally grown fibre called Ixtle de Palma.

21. *Uses of Paper as a jute substitute.*—Cement is now generally packed in paper bags manufactured by the cement companies themselves. In the United States of America cotton bags are also used for the purpose. In Norway about 3 million paper bags are used every year for handling cement. If the cement trade used jute bags only they would require about 1,300 million jute bags a year and this is equivalent to about 40 lacs of bales of jute. Supposing that 50 per cent. of cement is packed in paper bags, this means a loss of 20 lacs of bales to the jute trade.

Paper bags are also used for handling salt, fertilisers, lime, etc. In the Argentine the paper bag manufactures consume 5,000 tons of kraft paper every year. Paper bags are used in Africa for handling coffee and cocoa beans.

In Japan the Head Chemist of the Japanese Bag Co., Tokyo, is said to have perfected a new type of heavy paper for use in the manufacture of sand bags. It has been stated locally that the Japanese army may use this invention to replace jute and ramie.

"Sisal kraft" which consists of two sheets of paper reinforced with sisal fibre is also being used for various purposes.

22. *Paper backed Linoleum.*—Paper backed linoleum is being used in place of jute backed linoleum because it is cheaper. It is not so durable as the jute backed linoleum, but attempts to get a sufficiently durable cheap paper backing are going on.

23. *Elevators.*—Grain is being handled in bulk in many parts of the world. Europe and North America have been using elevators for a long time. Some elevators have recently been constructed in Australia, South Africa and the Argentine and attempts are being made to increase their number.

In 1937, 5,856 grain elevators with a capacity of 421,885,620 bushels worked in Canada. In the Argentine, crops handled by the elevators during the same year was 3,248,378 tons and the South African elevators handled 374,913 tons of maize in 1935-36. The capacity of the Australian elevators already erected is 31,423,000 bushels.

These figures give an idea as to the market that has been lost to jute due to the bulk handling of wheat, maize, etc. The crop handled in bulk retains its quality and cannot be destroyed by mice, weevils, etc. But the erection of the grain elevators is costly and that is the main reason why elevators are not being erected more quickly in different parts of the world.

Table I.

Net imports of raw jute in thousands of metric tons.

Country.	Average of 1928 and 1929.	Average of 1936 and 1937.	Difference. (C—B).	
			+	—
A	B	C	D	E
Germany ..	140	103		37
Austria ..	11	7		4
Belgium ..	34	60	26	
Spain ..	51	..		51
France ..	119	97		22
United Kingdom ..	202	171		31
Hungary ..	11	13	2	
Italy ..	58	43		15
Netherlands ..	13	13		
Poland ..	27	15		12
Czecho-Slovakia ..	34	38	4	
U. S. S. R. ..	33	23		10
United States of America ..	59	101	42	
Brazil ..	16	25	9	
Mexico ..	3	2		1
Argentina ..	4	9	5	
China and Manchukuo ..	2	14	12	
Japan ..	14*	29	15	
Formosa ..	2	2		
Total ..	833	765	+115	—183
			=—68	

*This is the average export from India to Japan during the years 1928-29 to

Exports of jute goods (bags and cloth) from India in lacs of yards (1 bag = 2 yards.)

Countries to which exported.	Export during 1928-29.	Export during 1936-37.	Difference (C—B)	
			+	—
A	B	C	D	E
United Kingdom ..	1,184	2,736	1,552	..
Norway ..	27	135	108	..
Germany ..	37	63	26	..
Netherlands ..	25	51	26	..
Belgium ..	151	226	75	..
France ..	21	34	13	..
Greece ..	108	103	..	5
Turkey ..	89	196	107	..
Kenya ..	124	164	40	..
South Africa ..	449	692	243	..
Mauritius ..	58	64	6	..
Egypt ..	349	639	290	..
Protectorate of East Africa ..	260	392	132	..
Strait Settlements ..	265	250	..	15
Siam ..	248	436	188	..
Indo-China ..	309	523	214	..
Java ..	852	545	..	307
Celebes ..	48	71	23	..
Phillippines ..	207	358	151	..
Japan ..	179	613	434	..
Formosa ..	61	82	21	..
China ..	155	71	..	84
Hongkong ..	510	261	..	249
New Zealand and Australia ..	2,307	2,202	..	105
Canada ..	767	1,048	281	..
United States of America ..	10,616	10,829	213	..
Cuba ..	669	387	..	282
Argentina ..	3,443	2,802	..	641
Chile ..	673	189	..	484
Peru ..	161	193	32	..
Urug ..	144	92	..	52
Hawaii ..	332	406	74	..
Western India Island ..	61	110	49	..
Total of the above ..	24,889	26,963	+4,398	—2,224
			+2,074	
Total Export ..	25,637	28,447	+2,810 =60,300 tons.	

Table III.

Prices and exports of raw jute and jute goods.

Year.	Raw jute.		Jute manufacture.	
	Quantity exported from India (in 1,000 tons).	Export price per ton.	Quantity exported from India (in 1,000 tons).	Export price per ton.
		Rs.		Rs.
1927-28 ..	891.9	342	884.7	605
1928-29 ..	897.9	359	911.5	624
1929-30 ..	806.9	336	958.0	542
1930-31 ..	619.7	208	766.6	416
1931-32 ..	586.6	188	663.6	330
1932-33 ..	563.1	172	679.7	319
1933-34 ..	718.2	145	672.2	318
1934-35 ..	752.5	144	684.7	313
1935-36 ..	771.3	177	752.0	312
1936-37 ..	820.6	180	971.8	288
1937-38 ..	747.4	197	1,020.4	285

SECTION III.

In the table of prices of jute in villages, primary and secondary markets and in Calcutta, the prices in columns 1 and 2 are for average quality of ungraded jute, whereas those in columns 3 and 4 are for definite commercial grade. This would therefore provide a basis for price comparison between secondary markets and Calcutta rates. At present the information is not available to connect prices in columns 2 and 3.

III. Price-spread of raw jute between Upcountry and Calcutta markets.

The following table showing prices of Jute in villages, in primary and secondary markets, and in Calcutta has been compiled by the Senior Marketing Officer from the information received by him during the season, for communication to the Bengal Jute Enquiry Committee. It gives with the table a list of the villages, primary markets and secondary markets from which these prices were collected.

It will be noted that in better quality Bengal jute areas the price at villages and primary markets follow Calcutta price fluctuations fairly evenly. It has been found that growers in these areas make some effort to obtain price information; in this respect they have been considerably helped by the increasing spread of vernacular daily papers.

In other areas where cultivators have to depend on farias and aratdars for their price information it will be seen there is a greater variation between upcountry and Calcutta rates.

Attention is drawn to the prices ruling in Dacca and Bogra for week ending 7th January 1939. Raw jute prices in Calcutta during that period were firm and there was considerable "Fatka" activity. The reaction in the above areas was such that mofussil rates were higher than Calcutta.

It is not possible to show market charges or transport cost in tabular form as they vary too much in each district. Giving a few samples of these only, would probably convey wrong impression of the actual scales of charges.

It seems likely that the best service that could rapidly be afforded to the growers of Jute by those interested in their welfare would be the institution of an efficient price news service, particularly in those areas where the lower qualities of Jute are mostly produced.

Table illustrating Spread of Raw Jute Prices From Cultivators to Mills or Shippers for Representative qualities, 1938-39.

Qualities as commercially classified for sale in Calcutta.	Representative districts in which they are produced.	Dates for which prices are given. week-ending 1—10-9-38. 2—8-12-38. 3—7-1-39.	Representative Markets Up-country.			In Calcutta.
			At grower's holdings and villages.	At "Hats" Primary Markets where no baling is done.	At Secondary Markets. Baling and Shipping Centres.	
			Sellers, Growers.	Growers, Farias, Pakars.	Growers, Village Merchants, Beparis, Aratdars.	Kachcha Balers.
			Buyers, Farias, Pakars, Beparis.	Village Merchants, Beparis, Aratdars, Balers' Agent.	Kachcha Balers and Aratdars.	Mills or Shippers.
			Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.
"Jat"	Dacca	1	4 14 0	5 0 0	5 6 0	6 3 0
		2	4 10 0	4 14 0	5 6 0	6 4 0
		3	6 0 0	6 6 0	7 0 0	6 14 0
	Mymensingh	1	5 3 0	5 7 0	5 10 0	6 8 0
		2	5 7 0	5 10 0	5 14 0	6 4 0
		3	5 14 0	6 2 0	6 10 0	6 14 0
"District"	Tippera Lower	1	5 5 3	5 5 0	5 9 0	6 0 0
		2	5 1 4	5 1 0	5 6 0	6 1 0
		3	5 0 0	5 4 0	6 0 0	6 3 0
	Noakhali	1	4 12 0	4 12 0	4 13 0	6 0 0
		2	4 10 0	4 10 0	4 12 0	6 1 0
		3	5 2 0	5 4 0	5 8 0	6 3 0
"North Bengal"	Rangpur	1	4 10 8	5 0 0	5 1 4	5 14 0
		2	4 8 0	4 13 4	4 13 0	5 14 0
		3	5 2 0	5 7 9	5 11 0	6 4 0
	Dogra	1	4 0 0	4 5 4	5 2 0	5 14 0
		2	4 11 6	4 15 6	4 14 0	5 14 0
		3	6 8 0	6 9 0	6 11 0	6 4 0
"Dowrah"	Faridpore	1	4 14 0	5 0 0	4 13 0	5 7 0
		2	4 3 0	4 6 3	4 15 0	5 7 0
		3	5 10 0	5 12 0	5 14 0	6 3 0
	Bakargunge	1	4 9 0	4 9 0	4 8 0	5 7 0
		2	4 7 0	4 7 0	4 8 0	5 7 0
		3	4 7 0	4 2 0	4 14 0	6 3 0
"Dalsee"	24-Parganas and Hooghly.	1	4 13 0	5 0 0	5 3 0	5 8 0
		2	to	to	to	to
		3	5 8 0	5 8 0	6 0 0	6 4 0
"Bihar" (Purnea)	Araria	1	3 13 0	4 7 0	4 7 0	5 11 0
		2	3 15 0	4 2 0	4 8 0	5 13 0
		3	4 6 0	4 8 0	5 4 0	6 0 0
	Katihar	1	4 10 0	5 0 0	5 6 0	5 11 0
		2	4 12 0	4 14 0	5 0 0	5 13 0
		3	3 14 0	4 6 0	5 4 0	6 0 0
"Assam"	Nowgong	1	3 15 3	3 13 4	4 3 8	5 14 0
		2	4 1 1	4 1 1	4 6 8	5 15 0
		3	3 10 0	3 12 0	4 1 0	6 5 0
	Goalpara	1	4 2 2	4 5 10	4 7 9	5 14 0
		2	3 12 6	4 2 2	4 4 1	5 15 0
		3	No quotations available for this period.			

Price differences—Mills or shippers valuation—
 Jat .. Top price.
 District .. As. 2 to as. 4 below Jat.
 N. Bengal .. As. 4 to as. 6 below Jat.
 Dowrah .. As. 4 to as. 12 below Jat.
 Dalsee .. Sold under separate standard.
 Bihar .. As. 6 to as. 8 below Jat.
 Assam .. As. 4 to as. 6 below Jat.

Grade price differences—
 Top Mark .. As. 8 to as. 10 above Middle Mark.
 Bottom Mark .. As. 8 to as. 10 below Middle Mark.
 Packing standards—
 Pure European .. As. 4 above Indian and European supervised as. 2 per md. above Indian.

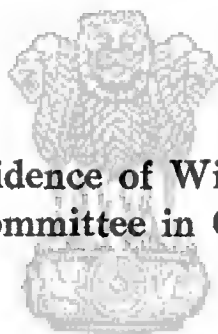
All prices quoted at Standard weight of 80 tolas per seer.

Representative jute market.

Bengal District.

Type of jute.	District.	Village.	Primary market.	Secondary market.
"Jat White" ..	Dacca ..	Ibrahimpur .. Abdulkhana. Gobindapur.	Narayanpur ..	Narsingdi.
	Mymensingh	Shibpur .. Gobindapur .. Biska.	Ramgopalpur Nandail.	Mymensingh.
"District" ..	Tippera ..	Kumarduli .. Mohampur .. Tarpurchandi.	Rupsa .. Chandra.	Chandpur.
	Noakhali ..	Hajipur .. Lakshmipur .. Eklashpur.	Sonamuri .. Rajgunge.	Chaumohani.
"North Bengal"	Rangpur ..	Munshipara .. Bobanganj .. Bangalipur.	Kisorganj .. Domar.	Nilphamari.
	Bogra ..	Royathpur .. Karmaja .. Potbar.	Sonatoli .. Mohantola.	Jaipurhat.
"Dewrah" ..	Faridpur ..	Karipur .. East Batla .. Balighar.	Fashiatolahat .. Kalkinihat.	Charmugria.
	Backerganj	Sanafarbad .. Sundertola .. Nator Bejoyna- gar.	Gourpadi .. Chansihat.	Babuganj.
"Daisee" ..	24-Parganas	Taldanga .. Kandarpopur .. Sree Nagore.	Basirhat .. Barachapa.	Shambazar.
	Hooghly ..	Naskarpur .. Muktarpur .. Dhankuni.	Chanditala .. Champadanga.	Sheoraphuli.
"Assam" ..	Nowgong ..	Diman .. Hafibhanga .. Kujarbari.	Arabari .. Alitanga.	Haibargaon.
	Goalpara ..	Taimari .. Vidyapara .. Jhograpur.	Sonahat .. Kherbari.	Dhubri.
"Purnea" ..	Araria ..	Premnagar .. Dhegli .. Mabari.	Patinga .. Raniganj.	Araria.
	Katihar ..	Barari .. Sirsa .. Jaffarganj.	Katihar Hat .. Sonaili Hat.	Katihar.

**Precis of Oral Evidence of Witnesses recorded
by the Committee in Calcutta.**



सत्यमेव जयते



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Précis of evidence recorded on the 7th August 1939 by the Bengal Jute Enquiry Committee at the Assembly House.

I. Mr. D. Wilson representing the Bengal Chamber of Commerce and the Indian Jute Mills Association deposed as follows:—

Question about grades.—The witness stated that there were fixed grades for loose jute, viz., top, middle and bottom. He could not say what percentage qualities constituted the total arrivals of loose jute in Calcutta.

Question about patka market.—The witness stated that in his opinion it was detrimental to the interests of the jute-growers as it exaggerated the fluctuations in loose jute price. According to him, this was due to the predominance of the speculative element in the patka market. If this element could be removed and loose jute was made the basis of transactions, he had no objection to the future market.

Question about the possibility of raising the price of jute.—The witness stated that he could not give an exact figure up to which jute price could rise. According to him, if price rose to a very high level, substitutes might easily come into use. He believed that there was considerable displacement of trade in jute by substitutes on account of high price prevalent between 1919-23. He could not, however, mention the percentage of trade thus lost.

Question about a minimum price.—The witness said that he thought it was impracticable.

II. Messrs. A. J. Alexandroff representing the Calcutta Jute Fabrics Shippers Association, J. N. Smart representing Calcutta Jute Dealers Association and R. E. Birtwistle representing the Calcutta Baled Jute Association:—

These witnesses were examined mostly at questions relating to the marketing of jute. They stated that the existing grades of loose jute, viz., top, middle and bottom serve the purpose of trade alright. Mere precise definition of these grades was neither necessary nor possible. The jute-growers in the mufassal knew how to distinguish between these qualities of jute and had no difficulty in realising proper prices for them. They added that the real difficulty was that standards were pushed by competition among the sellers. They did not see how legislation could remedy the state of affairs. They were against any legislation on this subject.

Mr. Birtwistle stated that he did not know that the Calcutta Baled Jute Association had the monopoly of making pucca bales. It was, however, a fact that no other markets of pucca bale could be tendered against a contract in a foreign market.

According to all the witnesses, the consumption of jute has been declining for the last three years. They ascribe this to the use of substitutes.

III. Dr. N. N. Law and Mr. J. L. Pandit accompanied by the Secretary of the Chamber, Mr. S. R. Biswas representing the Bengal National Chamber of Commerce:—

These witnesses were of the opinion that voluntary restriction had not yielded results which were expected of it and had failed to make any

tangible impression on the prices of raw jute. The reason was that there was no assurance whatsoever that all the cultivators would be actuated by the common spirit to curtail their respective production for common benefit. The witnesses, therefore, advocated the policy of compulsory restriction of the crop, as it held a monopoly position in the sense that its production was concentrated in a very limited area under the jurisdiction of practically one Government.

Survey needed.

But before a compulsory scheme was enforced the witnesses considered it essential that a few preliminary steps should be undertaken. These were a survey of the jute areas in the various districts in order to prepare a census showing lands under jute held by each cultivator, the area actually sown, the estimated yield of the crop, provision of adequate storage facilities by the establishment of licensed warehouses, and the co-operation of the neighbouring provinces.

While "in view of the very uneconomic price at present realized, for jute", the witnesses welcomed the fixation of a minimum price, it was extremely doubtful if it was possible to enforce a scheme for a minimum price.

In this connection the witnesses pointed out that the buying and selling of jute in the primary markets were conducted hardly on the basis of any settled grades and specifications, and differentiations in respect of quality were made in a rough and ready manner by the purchasing agents. References were also made to the frequent manipulation of the existing gradations in the loose jute market in Calcutta and the witnesses were of opinion that standards of grades for loose jute both in the primary markets and in the Calcutta markets should be enforced by legislation without undue delay.

Future market.

The witnesses were of opinion that there should be a futures market for loose jute. But an essential condition precedent to the setting up of such a market was the fixation of standards of loose jute. Mention was made of the fact that futures market for primary commodities existed in other countries, while the useful functions of such an organisation had been admitted by the International Chamber of Commerce. The witnesses admitted that it was necessary that futures markets should be controlled, and suggested the adoption of measures similar to those taken in regard to the cotton futures market in Bombay.

IV. The Senior Marketing Officer of the Indian Central Jute Committee and Officiating Secretary of the same Committee were jointly examined:—

Question as to substitutes.—The witnesses stated that these were essentially a matter of price. It is very likely that substitutes could come more and more into use.

They were of opinion that as long as agricultural statistics were not played on a reliable basis compulsory restriction on area was not possible.

Question about the existing method of marketing.—The witnesses said that the true defects on the existing system of marketing were—

- (i) lack of good communication;
- (ii) illegal deductions and allowances.

The Indian Central Jute Committee had recently decided to explore possibilities of new uses for jute.

The witnesses informed the Committee that the Indian Central Jute Committee were now engaged on evolving a proper method of random sampling and results of the investigations might be available by the end of 1940. It would then be time to think of making a survey of the total jute in the province on the basis of this method.

V. Mr. H. P. Bagaria and Mr. Ram Chundar Lohia representing the East India Jute Association:—

They stated that the dealings in this market were on the basis of pucca bales. They had no mark of their own in the past but recently they have been using a particular mark.

The witnesses stated that it was a false proposition to say that the futures markets control the price of the jute-growers in the mufassal. There were so many other factors that affect this price. The prices in the future market register the effect of these factors.

Questions about standards.—The witnesses said that they were strongly in favour of fixation of loose jute standards by law. The existing standards—tops, middles and bottoms—would serve the purpose of the trade if they were not charged to be made permanent. But even in that case, the witnesses will insist that samples of these standards of jute should be kept and exhibited in the office of the Board of Arbitration, so that disputes as to grades might be settled to the satisfaction of all parties concerned with reference to objective standard.

The witnesses repudiated the suggestion that if the marks were abolished the cultivators will not lose anything. They stated that present and future market was only an indication of Calcutta prices given to cultivators in the mufassal. If this indicator was done away with, the cultivators in the mufassal market will not be able to adjust their prices accordingly.

The witnesses agreed that loose jute should be the basis of transactions in future market, but added that standardization of grades was necessary for this purpose.

They also stated that they would welcome an enquiry into the organisation and working of the future market by a competent body.

(Précis) Evidence recorded on the following day, that is, the 8th August 1939.

I. Messrs. S. R. Dutta, D. Kanoria and R. N. Nopani, representing Indian Chamber of Commerce:—

Question about regulation.—The witnesses said that they were not opposed to compulsory restriction but would remind the Committee of the difficulties in no way. They felt that it would be very difficult to give effect to legislation on this subject. They would not advocate compulsory restriction unless other provinces co-operated Bengal.

As regards substitutes, the witnesses stated that they were largely a question of price. They advocated research into the uses for jute and suggested that in view of the increasing uses of substitutes, steps should be taken to find increased demand for loose jute from other sources.

They were definitely of opinion that the Home Guarantee System should be abolished.

Question as to grades.—The witnesses stated that since last year the grades have remained more or less the same, viz., tops, middles and bottoms. But different firms had different marks of their own. It was essential that these standards should be fixed by law.

In order to facilitate the marketing of jute, the witnesses suggested the establishment of a central organisation in Calcutta on the lines of the East India Cotton Association of Bombay.

Question as to a minimum price for jute.—The witnesses said that this was not practicable.

II. Marwari Chamber of Commerce represented by Messrs. Kedar-nath Bajoria and Babulal Rajgarhia:—

They were not examined for want of time.

III. Mr. M. A. Ispahani and Sir Adamjee Hajee Dawood, representing Muslim Chamber of Commerce:—

Replying to the first question in regard to the advisability of enforcing restriction of the area under jute cultivation Mr. Ispahani stated that the Chamber favoured compulsory restriction which should be enforced by the Government as the propaganda for voluntary restriction had failed to achieve the objective. The area to be cultivated should be limited in accordance with the demand of the world market.

This led the Committee to ascertain the views of the Chamber on the problem of regulated markets.

The representatives of the Chamber favoured the idea of providing regulated markets, and said that the lack of holding power, which is the inherent weakness of the cultivators and the producers of jute, could be overcome by providing a market which should be regulated on sound lines and which should be controlled by the Government. There should be no difficulty in providing and conducting such a market under Government supervision as jute was a monopoly commodity of Bengal.

The question whether fixation of minimum and maximum prices for raw jute was a practical proposition and whether it would be possible for the Government to enforce it was then raised.

Mr. Ispahani suggested that they could fix a minimum price for jute provided it was done strictly on an economic basis and after taking into a direct bearing on prices.

Jute substitutes.—When asked whether fixing of prices by Governmental action would not raise them to a level that would bring substitutes of jute into the market, Mr. Ispahani explained that the danger of substitutes was a bogey as no substitutes had so far been found which could replace jute in the uses to which the fibre was being put at present. Paper cement bags and cotton bags were being used to a small extent, not because jute was dear, but due to the consumers' natural desire to use their own national material of cotton. A substitute fibre, called Rosella fibre, was being grown in Java, but it was too early to say how far it had proved satisfactory. There would, no doubt, be a danger from substitutes if the price of jute went up to an uneconomic level.

Sir Adamjee Hajee Dawood reiterated the main points which the Chamber desired to place before the Committee and explained to the members the importance of concentrating on the well-being of the cultivators in order to secure better prospects for the jute trade and the general prosperity of Bengal.

He maintained that if the prices of raw jute were higher but not out of proportion to the requirements of the world market, there was no danger of substitutes and there was no risk to the mills because the manufacturers would be in a position to secure proportionately better prices due to improved conditions in the trade.

IV. Messrs. Santoshchand Bararia and Gobindchand Bora representing Jute Balers Association:—

These witnesses were in favour of voluntary restriction carried on through village associations on the lines detailed by Mr. G. S. Dutt in his note to the report of the Finlay Committee.

Question about grades.—The witnesses stated that they advocated fixation of grades by law. They also suggested that samples of standard grades should be exhibited not only at a central place in Calcutta but also at all the important mufassal centres.

The witnesses were in favour of regulated markets.

Question as to the futures market.—The witnesses stated that the existing market was detrimental to the interests of jute-growers. But they agreed that a real future market based on loose jute, was indispensable in improving commodities like jute in the world market. The real futures market should be controlled by a statutory body to be represented by all sections of the trade and should function under this central organisation to be set up on the lines of the East India Cotton Association in Bombay.

Question as to substitutes.—The witnesses stated that there was no real danger to jute from substitutes. They also said that as the jute is the most cheapest fibre it has no rival to compete with it.

V. Mr. D. Wilson of the Indian Jute Mills Association was recalled for examination:—

Question as to cost of production.—The witness said that he could not give details of the cost of production. The hessian cost price, apart from raw jute, was Rs. 208 a ton. The cost of a ton of raw jute was approximately Rs. 172.

He did not think that the mills were over-capitalised. He thought there were too little capitals on the mills. The witness could not say how much money would be required to nationalise jute industry.

According to him, the witness stated that the jute industry was going from bad to worse for the last three years.



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**Precis of Oral Evidence recorded by the Touring
Sub-Committees.**



सत्यमेव जयते



सत्यमेव जयते

Précis of evidence recorded at Dacca on 19th November 1938, 20th November 1938 and 21st November 1938.

The Sub-Committee held three sittings at Dacca. On the first day, they examined four official witnesses, and three non-official witnesses, including President of the Bar Association and Dr. H. L. Dey, Head of the Department of Economics, Dacca University. On the second day, the Committee examined several representatives of growers, middlemen and merchants. On the third day, only the Director of Agriculture was examined.

(I) As copies of the replies of the Assistant Fibre Expert and of Dr. H. L. Dey are being separately circulated, no reference is made to their evidence in this précis.

The Assistant Registrar of Co-operative Societies was examined particularly on the possibilities of co-operative marketing. He was in favour of a central co-operative organization to market the entire jute crop of the province. He also suggested a minimum profit of Rs. 5 per maund, assuming that Rs. 4 was the average cost of production. Questioned as to how he had arrived at this figure, he said that it was based on his opinion as to what the cultivator should get in order that he could maintain himself and his family in reasonable comfort.

The Chief Superintendent, Government Agricultural Farm, Dacca, was examined mainly with regard to the technical conditions of cultivation in the Farm and outside. Questioned as to the problem of substitute crops, he said that there are no substitutes for jute in *bil*, *char* and other low-lying areas in East Bengal. Some rabi crops could be grown on these areas, but no suitable substitute kharif crop had yet been discovered.

The President of the Bar Association was in favour of control of production in principle, but was against any penal measures. He was also against any complicated and cumbersome machine both for regulation and the marketing of the crop. For these reason, he was not keen on centralized marketing.

(II) The representatives of growers were generally in favour of regulation of production, although there was much difference of opinion as to the nature of the organization necessary for this purpose, and the punishment to be prescribed for breaches of the law. Varying estimates of the cost of production and yield were also given.

(III) The Director of Agriculture supported regulated markets, but was sceptical of the success of efforts to standardize weights and grades. He was unable to express any opinion on compulsory restriction, as he had not sufficient information about supply and demand. As regards fixation of a minimum price, he said that as jute was the only cash crop that cultivators had, it might be dangerous to fix a minimum price for it.

Précis of evidence recorded at Noakhali on 22nd November 1938.

The Sub-Committee examined (I) two representatives of local European agencies—Messrs. Chittagong Company and Messrs. George Henderson & Co., (II) three representatives of Indian merchants, (III) two representatives of jute growers and (IV) Chairman, District Board.

(I) The representatives of this group suggested two principal improvements, viz.—

- (i) standardization of weights,
- (ii) standardization of grades.

They advocated legislation for both these purposes and complained that the absence of fixed grades and changes in the grade in course of a season caused losses to traders as well as jute-growers.

Their purchases were usually made through beparis. At times, the beparis purchased at a loss. The difference between the Calcutta price (exclusive of the charges of the principal firms in Calcutta) and the price at which they asked the beparis to purchase was generally one rupee per maund which was made up as follows:—

	Rs. a.
(i) Freight	... 0 8
(ii) Insurance	... 0 2
(iii) Establishment at the agency in the mufassal	... 0 4
(iv) Brokerage	... 0 1
(v) Handling	... 0 1
	<hr/> 1 0 <hr/>

They stated that they would be happy if both traders and jute-growers could be organized and if Government could make such organization possible they would be happier to co-operate with Government.

(II) The witnesses belonging to this group stressed the need for standardization of grades—and suggested legislation for this purpose.

They were inclined to favour the establishment of a Central Buying and Selling Organization, if this could be done successfully, and stated that if Government guaranteed the principal and interest on the debentures that might be issued by this Central Society, they would be prepared to purchase them.

They were also in favour of compulsory restriction.

(III) The representatives of growers were in favour of compulsory restriction if it improved prices. But they wanted that allotment of quotas should be made by officials with the assistance of Union Board members.

They also complained of allowances—2½ seers per maund were charged by beparis.

They were paid in the lump for all the jute they sold to beparis—they did not get especially better price for the better varieties of jute.

Cost of cultivation	... Rs. 16-6
Average yield	... 4 maunds per bigha.

(IV) Chairman, District Board:—

He advocated—

- (1) compulsory restriction of cultivation,
- (2) formation of a Central Buying and Selling Agency for marketing the entire jute crop, and
- (3) standardization of grades.

According to this witness, “without sufficient holding power on the part of the jute-grower, even compulsory restriction of production and regulated market together were not likely to raise the price.

He also suggested that Government should restrict the crop and profits of the jute mills, so that the benefit of the reduction might accrue to the jute-growers.

Précis of evidence recorded at Madaripur held on 26th November 1938.

The Sub-Committee examined (I) three representatives of European Agencies—Messrs. Rally Brothers, Ltd., Landale & Clarke and George Henderson, (II) three representatives of Indian mercantile interests, (III) three leaders of local opinion and (IV) nine representatives of growers.

(I) The representatives of this group suggested the following two improvements in the trade:—

- (i) standardization of weights—legislation by itself would be enough, and
- (ii) standardisation of grades.

They further stated that they would be happy if the jute trade could be successfully organized, particularly as they were unable to make any profit at present on account of unfair competition and arbitrary manipulation of grades by the mills. But if Government desire to set up a selling syndicate, they must engage experts to run it successfully.

According to these witnesses, jute was watered not by cultivators but by beparis.

(II) The representatives of Indian merchants said that they were entirely in favour of—

- (i) standardization of weights and measures;
- (ii) standardization of grades—according to them; absence of well-defined standards stood in the way of cultivators getting the best value for higher quality jute; and
- (iii) regulated markets.

They were not satisfied with the present system of arbitration by the Bengal Chamber of Commerce, and wanted an Arbitration Board consisting of Government officers, mill-owners and traders.

They were against the present Fatka market, as, in their view, it was detrimental to the interests of mufassal merchants and of growers. They were in favour of a Fatka market in loose jute.

(III) The three local leaders (Chairman, Local Board, Chairman and Secretary, Central Co-operative Bank) advocated compulsory restriction and organization of the trade on a co-operative basis through a selling syndicate. It was suggested that the capital for this selling syndicate should be raised by the floatation of shares of Rs. 10 each and that Government should guarantee the principal and interest of the loan.

(IV) The representatives of the growers said that they were in favour of compulsory restriction and also of penal measures if in consequence of restriction they got higher prices.

They were also in favour of an organization to hold up the crop, if they received 80 per cent. of the value of the crop just after the harvest.

Précis of evidence recorded at Rajbari on 27th November 1938.

The Sub-Committee examined (I) four leaders of local opinion, including an M. L. A. and (II) five representatives of growers.

(I) The witnesses of the former group all advocated compulsory restriction, with fine and destruction of the excess crop as punishments for violation of the law. They thought that most of the lands now set free from jute could grow deep-water paddy.

One of these witnesses, Maulvi A. Mridha, M.L.A., further stated that "Government must not sit idle by simply restricting production". He suggested marketing of the entire jute crop through a Central Selling Society with branches at selected centres, and thought that the necessary finance could be raised by floating shares or by the issue of "Government-guaranteed" debentures, if the necessary amount of share money was not available. He stated that Government would not stand to lose any such scheme.

Questioned as to the future market, he said that at present it encouraged gambling. He advocated a future market for loose jute.

(II) The representatives of growers stated that they were in favour of compulsory restriction by legislation, and would consider destruction of excess crops as the best check against excess production. Fines might be imposed for repeated offences.

They would not, however, leave the administration of restriction law entirely in the hands of presidents, union boards. Government officers should have joint control.

Questioned about Mr. S. N. Biswas's idea of a Central Buying and Selling Syndicate, they said that if they got a better price for their crop, they would gladly subscribe to the share capital and pay their shares in instalments. If they got a little extra price, they would not mind the trouble and cost of carrying the jute from their home to the market fixed by the Syndicate.

They also advocated—

- (i) standardization of weights, and
- (ii) standardization of grades.

**Précis of evidence recorded at Berhampore (Murshidabad) on 15th
December 1938.**

The Sub-Committee examined (I) the District Officer, (II) one representative of local opinion, (III) six representatives of local merchants and middlemen and (IV) three representatives of growers.

(I) The District Magistrate advocated compulsory restriction by legislation. Voluntary restriction had failed, and without compulsion cultivation of jute could not be effectively restricted. Associations of jute-growers would have to be established, and adequate punishment should be provided for violation of rules and regulations. He was in favour of fines as well as destruction of excess crops.

He did not think regulated markets would be successful. Cultivators were not likely to bring their crops to these markets and, if they brought them, the extent of the benefit likely to accrue to the cultivators was uncertain.

He referred to the urgent need for improvement of rural communication.

He did not think it was possible to improve the forecast by the ordinary methods of enumeration. Random sampling might yield better results.

(II) The witness belonging to this group was the Vice-Chairman of the District Board. He wanted fixation of minimum price, and said that compulsory restriction was essential for this. Without legislation compulsory restriction was not feasible.

According to him the average cost of production was Rs. 4 per maund, and the average yield per bigha was about 3 maunds.

(III) The witnesses were all local dealers. They purchased jute from farias as well as cultivators. They made forward sales, but did not hedge them to any large extent. They were not particularly enthusiastic over the proposal of a future market in loose jute, but admitted that it might give better facilities for hedging. They were inclined to think that fatka operations were definitely against the interests of the growers, as they erroneously believed that the fatka prices indicated the future trend of loose jute prices. The cultivators were really interested not in fatka but in loose jute prices in the mill market. At present cultivators were ignorant of the movement of prices in the mill market.

The witnesses strongly advocated standardization of grades, and complained of the losses they sustained on account of sudden changes in the standard. The cultivators also suffered because this instruction to the farias were to pay on the basis of quality.

They did not think that a central organization of purchase and sale would be of much help to the cultivators. They were against any such proposal.

The difference between mufassal and Calcutta prices was between annas 12 and annas 14 per maund.

(IV) Two of the witnesses came from one end of the district and one from another.

According to two witnesses, the average cost of production was Rs. 3 per maund, whereas according to the third witness, the cost of production was about Rs. 4 per maund.

All of them agreed that voluntary propaganda had been unsuccessful. Whatever restriction in the cultivation of the crop had been effected was due to economic causes and weather conditions. They advocated compulsory restriction. None of them, however, had much faith in union boards. They wanted representative committees of jute-growers.

The witnesses suggested standardization of grades. At present, cultivators did not get the profit of the higher grades. In order to enforce grades in the mufassal, qualified staff should be appointed.

Précis of evidence recorded at Kushtia (Nadia) on 21st December 1938.

The Sub-Committee examined (I) two officials, including the District Magistrate, (II) ten representatives of local opinion, including Chairman and Vice-Chairman of the Nadia District Board, (III) five representatives of local middlemen and merchants, (IV) and five representatives of growing interests.

(I) The District Magistrate was in favour of compulsory restriction seeing that voluntary restriction had failed. At least one officer in each subdivision was necessary. It would be useful to form village committees with union board members and representatives of the jute-growers.

He thought a price of Rs. 5 per maund would be a fair price.

He advocated standardization of weights and measures.

The Subdivisional Officer, in a long memorandum, strongly advocated compulsory restriction (copies of his memorandum are being circulated with other selected replies to the questionnaire).

(II) Among the representatives of local opinion, Chairman of the District Board alone did not advocate compulsory restriction. He explained that he was not against compulsory restriction, but he would stay action on these lines till an improved system of voluntary restriction had been demonstrably proved to have failed. According to him, the system of voluntary restriction never had a sporting chance of success: it was never taken up energetically, and the propaganda for restriction of cultivation degenerated into mere routine talk by the propaganda officers. His scheme was to the effect that voluntary propaganda should be organised through properly constituted village associations, on which the local M.L.A.'s, Union Board officers and other representatives of growing interests would be fully represented. The work of these village associations would be supervised by central regional associations, similarly constituted, which again, in their turn, would be controlled by a Provincial Association only which growers as well as manufacturers would be represented. Voluntary propaganda carried on under the auspices of such an organization could not fail to produce its effect. If, in spite of all this, voluntary propaganda did not attain its object, compulsory restriction could then be considered.

He was opposed to compulsory restriction at present, because, by its very nature, it would lead to harassment, corruption and bribery. He did not consider it feasible to fix any minimum price as cultivators could not wait. Holding up the entire crop was also full of pitfalls. He would for the present regulate production to demand by voluntary methods.

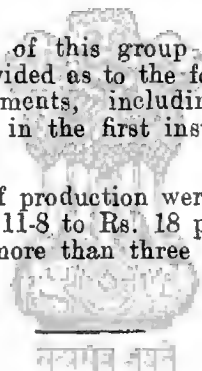
The other witnesses of this group favoured compulsory restriction, but were strongly against entrusting the work to the local union boards. They suggested that the local committees should be composed of only representatives of growers, with the Circle Officer or some other Government officer as President.

These witnesses through Rs. 7 per maund would be a fair price, but said that they would advocate fixation of minimum price only if Government maintained the warehouses, stores, etc., exclusively at their own cost. They were in favour of standardization of weights.

(III) The witnesses of this group said that the difference between the Calcutta and mufassal price were now about annas 12 per maund. Against that the cost of transport alone to Calcutta was annas 9.9 per maund.

(IV) The representatives of this group advocated compulsory restriction, but opinion was divided as to the form of punishment. Some suggested stringent punishments, including destruction of crops, others advocated persuasion in the first instance, and penal measures only if persuasion failed.

Varying figures of cost of production were given. It appeared that these costs varied from Rs. 11.8 to Rs. 18 per bigha, and the average yield was said to be little more than three maunds per bigha.



Précis of evidence recorded at Pabna on 7th January 1939.

The Sub-Committee examined (I) the District Agricultural Officer, (II) two representatives of local opinion, (III) four representatives of middlemen and merchants and (IV) five representatives of growers.

(I) Questioned as to compulsory restriction, he said he strongly favoured it. About 10—20 per cent. of the low lands in Dacca, Mymensingh and Faridpur could not grow any crop but jute. He suggested that these lands could be used for fish-rearing and as irrigation tanks. In other lands withdrawn from jute, he recommended the cultivation of paddy and rabi crops. He also suggested that a fair percentage of the lands might be kept fallow with advantage. He also advocated the popularisation of remunerative crops like Soya beans and Sunn hemp as alternative crops.

As regards improved seeds, he stated that about 15 maunds were distributed in Pabna last year. Messrs. A. L. Godden & Co. supplied these seeds. As far as he knew, they were multiplied mostly in Bihar and perhaps at a farm at Plassey. He thought that they might be multiplied at Nadia and Murshidabad.

(II) The representatives of this group were Chairman and Deputy Chairman of the Pabna Central Co-operative Bank. The former advocated compulsory restriction of cultivation by law to be administered by a joint committee of union boards and jute-growers. The latter was against compulsory restriction, but outlined an elaborate scheme of marketing through co-operative societies, the main features of which were as follows:—

- (a) All jute-growers shall be licensed.
- (b) They should be compelled to become members of a primary co-operative society.
- (c) These primary societies should be federated into a subdivisinal society.
- (d) The subdivisinal societies would be controlled by an apex central society.

It should be the function of the central society to allocate quotas to subdivisinal societies, which in their turn would allocate quotas to primary societies and through them to the licensed jute-growers. Cultivators should be required to deposit their crops with the primary societies, which would advance them such a minimum price as may be fixed by the central society. The other functions of the apex society would be:—

- (a) to supply improved seeds to jute-growers on credit and to deduct the price from the jute purchased by the unions;
- (b) to erect the necessary number of godowns;
- (c) to classify and mark the jute in these godowns; and
- (d) to arrange for the necessary finance by the issue of debentures or otherwise.

(iii) The representatives of middlemen and merchants who were examined stressed the following points:—

- (a) grades were not only changed from year to year, but also in course of a season. It was said that although the recognised grades this year were Top, Middle and Bottom, another grade called "Low Bottom" or "*Hunka*" had been introduced by some of the buying agencies (e.g., Chittagong Co.); and
- (b) cultivators could get the benefit of standardisation of grades only if they were aimed to assort according to the different classifications.

The difference between Calcutta and mufassal trade centres in the district of Pabna was about Re. 1.

(iv) The representatives of growers were examined mainly with reference to the feasibility of compulsory restriction.

They all advocate compulsory restriction, but were of opinion that the union boards could not be entrusted with the work of enforcing the scheme. Some of them through union boards might do this work in collaboration with representatives of actual growers, whereas others said that, as union boards were not reliable, a separate staff of Government officers should be entrusted with this work.

They approved of fixation of minimum price if this was feasible. Questioned as to costs of production, they gave varying estimates Rs. 3-8 to Rs. 6-4 per maund. A profit of 50 per cent. on the cost of production was considered fair.

The following was a full list of deductions made from the prices paid to cultivators:—

- (a) Dhalta—3/4 seer per maund.
- (b) Kachhi (rope)—1½ seer per maund.
- (c) Britti—As. 2-6 per lot.
- (d) Kayali—As. 8 per 100 maunds.
- (e) Market rent (tol)—As. 4 per 100 maunds.
- (f) Baburchi—5 seers per 100 maunds.
- (g) Tahari—As. 4 per 100 maunds.
- (h) “diba”—6 pies per bill.

It did not follow that all these deductions were imposed at every market or by every faria—some of them were in vogue at one place and others at other places.

Précis of evidence recorded at Serajganj on 9th January 1939.

The Sub-committee examined (I) three Government officers—two Circle Officers and a Co-operative Inspector, (II) five representatives of local opinion, (III) three representatives of local merchants and middle men and (4) two representatives of growers.

(I) The Circle Officers were questioned mainly with regard to the problem of compulsory restriction. They asserted that voluntary restriction had failed of its object, and that there was no other alternative than try compulsory restriction. They stated that the execution of the scheme of restriction should be entrusted to the District Officer—the control of administration should be in his hands. Union boards in collaboration with representatives of jute-growers could execute the scheme locally. But in that case it would be necessary to appoint jute restriction officers in every thana to check the work of union board. Union board clerks might be paid a little extra for the work they might do in this connection. Debt Settlement clerks might also similarly help.

Minimum price was necessary, but before any minimum price could be fixed compulsory restriction must be enforced.

Cost of cultivation	.. Rs. 19 to Rs. 20 per bigha.
Average yield	.. 5 to 6 maunds per bigha.

In the opinion of the Circle Officers 50 per cent. over the cost of cultivation would be a reasonable profit to the cultivators.

According to them, cultivators would be willing to bring their crops to the regulated markets if they realized the advantage of selling in these markets.

The Co-operative Inspector suggested marketing through co-operative societies. If this was done, he thought at least 50 per cent. of the value of the crop would have to be advanced at the time of deposit of the crop.

(II) The witnesses of this group included two representatives of the local Bar, Chairman of the Local Board and a President of a Union Board.

Both the lawyer witnesses stated that voluntary restriction had failed in the end although it had partially succeeded in the first year. Compulsory restriction by legislation was clearly indicated in these circumstances. They had little faith in union boards and were of opinion that the administration of any legislative measure on this subject should be in the hands of Government officers or in associations or bodies over which Government had effective control. It might be useful to have representatives of jute-growers or the local bodies to be formed for this purpose. It would be necessary to have one jute restriction officer for every thana. Adequate punishment including destruction of excess crops, should be provided for in the regulations.

Fixation of a minimum price was necessary and public opinion was in its favour, but the witnesses agreed that there were several difficulties in the way:—

- (i) co-operation with other provinces was necessary;
- (ii) the minimum price should be such as to ensure the purchase of the entire crop; and
- (iii) if the entire crop were not purchased at the minimum price, Government should be in a position to hold up the crop, which meant a huge financial outlay.

50 per cent. over the cost of production was considered a fair price.

The witnesses advocated standardization of weights and grades.

The President of the Union Board agreed generally with the views of the lawyer witnesses.

The Chairman of the Local Board, however, did not advocate compulsory restriction. It might lead to hardship and difficulties in a great many cases. He was in favour of an improved system of voluntary restriction.

He favoured co-operative marketing.

(III) These witnesses stated that voluntary restriction had not succeeded, and compulsory restriction was desirable. The union boards might take up the work locally, but supervision by Government officers was necessary in the mufassal as well as from headquarters.

The difference in price between the Calcutta and the mufassal markets was Re. 1, and the difference between Serajganj and village markets was annas 4 to annas 5 per maund.

Standardization of weights was necessary.

Grades were changed from year to year, and even during a season. The grades in the present year were Top, Middle and Bottom. But Messrs. Chittagong & Co., R. Sim & Co. and Rally Brothers had introduced a lower grade called "Low Bottom" or "Hunka".

The buying interests were not interested in Fatka, which affected mufassal prices only psychologically.

(IV) The growers' representatives advocated compulsory restriction.

The allowances charged were generally—

- (i) Dhalta— $\frac{1}{2}$ seer.
- (ii) Kayali—Re. 1 per 100 maunds.
- (iii) Jalpani—Rs. 2 per 100 maunds.

(V) Joint Agent, Steamship Companies, Serajganj (Mr. H. Macaulay), examined as to freights, etc., gave the following figures:—

	Rs.	a.	p.	
(i) Freight by steamer	..	1	9	2 per kutchha bale of $3\frac{1}{2}$ maunds during the busy season.
(ii) Freight by steamer	..	1	4	4 in the slack season.
(iii) Insurance	..	0	7	0 by railway.
			0	2 0 by steamer.

He did not think the rates were excessive. Recently they had been reduced.

Précis of evidence recorded at Bogra on 12th January 1939.

The Sub-Committee sat throughout the day and examined two Government officers (including the District Magistrate), three representatives of local opinion, nine representatives of middlemen and merchants and four representatives of growers.

I. (i) District Officer (District Magistrate).

The District Officer admitted that voluntary restriction was a failure, and suggested that, to be effective, restriction must be on a compulsory basis. His scheme was as follows:—

“All jute-growers should be compelled to be members of an organised Jute Sale Society. This society should have the monopoly right to buy jute—purchases outside the society will be prohibited. These sale societies would be affiliated to district societies and ultimately to a Provincial Society. It would be the function of this Provincial Society to allocate quotas to districts on the basis of the probable world demand for the fibre. The district societies would, in their turn, allocate quotas to village societies, which would, in their turn, allocate quotas to individual cultivators”?

He also suggests that the Provincial Society should fix a price for jute “in consultation with the Indian Jute Mills Association and other exporters of jute”, which should be economically sound.

As regards finance, he opines that if the buying interests participate in the scheme, and if the Provincial Society is given the sole

statutory right to finance the purchase of jute, there would be no shortage of capital.

Cost of production	Rs. 4 per maund or Rs. 20 to Rs. 22 per bigha.
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Average yield	5 maunds per bigha.
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(ii) The District Agricultural Officer stated that in the low lands where jute was grown deep-water paddy could also be grown—but if in such areas paddy could not be grown nothing else could.

Cost of production and yield per acre—Same remarks as those of the previous witness.

II. The leaders of opinion examined were Chairman, District Board, one Member of the Bengal Legislative Council and Secretary of the Local Bar Association.

All of them advocate compulsory restriction in co-operation with the other provinces. The machinery would be union board *cum* growers' representatives under the Chairmanship of an official. Union boards alone could not be trusted with this work.

Two of the witnesses consider fixation of minimum price necessary—at least at Rs. 8 per maund. But Chairman of the District Board does not approve of this.

One of them advocates co-operative marketing, but Chairman of the District Board is sceptical of the success of any co-operative organization.

III. Three representatives of local merchants and middleman were examined.

The current standards were Top, Middle and Bottom, but a lower mark had been introduced later in the season—called *habijali* or lower bottom. They complained of changes in the standards and advocated standardization.

They also advocated standardization of weight.

The difference between the prices at Bogra and Calcutta was Re. 1. This was accounted for as follows:—

At Bogra—						As. p.
(a) Binding	..	..	..	..	..	1 0
Transport..	..	..	..	..	..	1 6
Coolie	..	..	..	..	..	0 6
						<hr/> 3 0
						(per maund)
(b) Railway freight to Calcutta	..	..	..	..	..	10 0
						(per maund)
At Calcutta—						
(c) Cart hire	..	..	..	..	..	1 0
Aratdar's charges	..	..	..	..	..	1 6
Dhalta by the aratdar	..	..	..	..	..	1 seer per bale.
						<hr/>
Total	..	..	..	..	..	1 seer per approximately per maund.

The difference in price between Bogra town and village markets is only annas 2 per maund.

Tossa carries a premium of annas 12 per maund.

Advance is made to bēparis, but the latter do not advance money to cultivators.

The local merchants do not make any forward sale.

IV. Among the representatives of growers were four lay cultivators and four Bhadrakok growers.

Both the groups support restriction by legislation in co-operation with the other provinces. Both the groups also suggest village committees consisting of representatives of jute-growers and union boards presided over by officials to give effect to the scheme of compulsory restriction.

The majority of the former group, however, prescribe only fines as the punishment, whereas the majority of the latter group also suggest destruction of excess crops.

Cost of production is Rs. 20 to Rs. 22 per bigha.

Average yield is $3\frac{1}{2}$ maunds per bigha (Kutchma maund).

Both the groups suggest fixation of minimum price at Rs. 10 per pucca maund. The latter group say that a minimum price should be fixed simultaneously with restriction.

They do not favour regulated markets, but approve of "warehousing" the crop, if 50 per cent. of its value can be advanced to cultivators and there is a guarantee to the effect that the crop will not be liable to attachment for any debt. They seem to think that, if this were done, cultivators could wait for six months for the disposal of their crop.

All the witnesses advocate standardization of weights.

Précis of evidence recorded at Rangpur on 14th January 1939.

The Sub-Committee examined (I) three Government officials including the District Magistrate, (II) three representatives of local opinion, (III) sixteen representatives of growers from the different subdivisions of the district and (IV) four representatives of middlemen and merchants.

(I) The representatives of this group—The District Magistrate, Sadar Subdivisional Officer, and District Agricultural Officer—admitted that the system of voluntary restriction had failed, and if cultivation of jute were to be restricted, only compulsory restriction by legislation could be thought of.

The Sadar Subdivisional Officer pointed out that the co-operation of the other jute-growing provinces was essential to the success of the scheme of compulsory restriction; but, as an experimental measure,

compulsion may be introduced even without the co-operation of other provinces. A Government officer of sufficient standing should be in charge of the administration of the scheme in every thana.

The District Agricultural Officer stated that 10 per cent. of the jute grown belonged to the "Top" grade and 75 per cent. to the "Middle" grade. Other things being equal, improved seeds increased the yield by 1 or $1\frac{1}{2}$ maund per bigha.

(II) The representatives of this group were Chairman, District Board, Chairman, Municipality, and Vice-Chairman of the local Central Bank.

The Chairman of the District Board was against compulsory restriction. He said that, except in the first year, voluntary restriction had never been properly tried. It is only when voluntary restriction had been tried and found wanting that he would advocate compulsory restriction.

The other witnesses stressed the need of Government supervision and co-operation of other jute-growing provinces, if compulsory restriction were to succeed.

All the witnesses favoured standardisation of weights and grade.

The underlying principles of co-operative marketing were approved, but one of the witnesses expressed doubt whether it would be economical. He suggested that if the cheating of cultivators could be stopped, much good could be done to them.

All the witnesses agreed that cultivators could wait for six months if they were given only half the value of their crops immediately after harvest.

(III) The representatives of growers included several presidents of union boards, actual cultivators and local pradhans or matbars.

All the witnesses agreed that voluntary restriction had failed, and compulsion was necessary. Opinion was divided as to whether compulsory restriction should be enforced even without the co-operation of the other provinces. All of them, including presidents of union boards, however, agreed that the work should not be entrusted to union boards. It should be supervised and controlled by Government officers. One responsible officer in every jute-growing thana was suggested. Punishment including destruction of crops was advocated.

Cost of production appeared to vary between Rs. 22 and Rs. 24, and the average yield was placed at 5-6 maunds per bigha.

Some suggested a minimum price of Rs. 8, and some Rs. 10 per maund. Some of the witnesses, however, said that unless there was an organization for purchasing the entire jute, they were not in favour of a minimum price.

Examined on the question of an organization for buying the entire crops, the witnesses stated the cultivators would require an advance of at least 50 per cent. of the value of their crop.

(IV) The witnesses were examined particularly with regard to conditions of marketing in the mufassal. The difference between

Calcutta and mufassal prices was about Rs. 1-4. The difference was made up as follows:—

					Rs. a. p.
Rangpur (Railway freight) per maund	..	..	..	..	0 12 0
Packing	..	..	..	..	0 1 0
Carrying	..	..	..	..	0 0 9
Calcutta charges—					
Brokerage	..	..	..	..	0 1 9
Aratdari	..	..	..	..	0 1 0
Establishment	..	..	..	..	0 4 0
Total					1 3 9
					per maund

Mufassal agency business had ceased to be paying. Formerly there were about 30 firms in Rangpur; at present there are only 4 to 5 firms.

Précis of evidence recorded at Kishoreganj (Mymensingh) on 21st January 1939.

The Sub-Committee examined (I) the Subdivisional Officer, (II) two representatives of local opinion, (III) four representatives of local merchants and middlemen, and (IV) five representatives of growers.

(I) The Subdivisional Officer suggested that cultivation should be restricted on the lines of the tea restriction scheme. A special body should be entrusted with the duty of ascertaining the total demand for the fibre, and allocating the amount to districts and subdivisions. Licences should then be issued to individual cultivators. A cess of 3 or 4½ pies per maund should be levied on the licensed cultivators to defray the costs of the scheme of compulsory restriction. Such a small cess was not likely to affect the cultivator at all.

(II) The witnesses belonging to this group agreed in advocating compulsory restriction of cultivation although they differed as to the reasons for the failure of the system of voluntary restriction. One of them complained that the voluntary method had never been taken up earnestly, and lacked effective supervision; while the other explained that the voluntary method had failed because there was no sanction behind it.

One of the witnesses advocated establishment of regulated markets, but at the same time, he was not sure if cultivators could be always induced to bring their crops to these markets. He did not believe in co-operative marketing because it had failed once. The other witness advocated centralized marketing, through a central society for purchase and sale, with branches all over the country. As regards finance, he suggested that Government should guarantee the necessary financial accommodation.

(III) The representatives of middlemen and merchants gave the difference between Calcutta and mufassal prices as Re. 1-5 per maund. The beparis rarely made a profit of more than annas 2 per maund.

Fatka affected prices in the mufassal and the fluctuations in the fatka prices were reflected in the mufassal markets.

Weights varied from 80 to 88 tolas to the seer.

(IV) The growers' representatives favoured compulsory restriction by legislation, but was strongly against the union boards being invested with coercive powers. They wanted that these powers should be exercised by the District Officers and their subordinate staff.

They denied that there was any watering of jute by the beparis.

Précis of the evidence recorded at Mymensingh on 21st January 1939.

The Sub-Committee examined (I) two district officials including the District Magistrate and (II) two representatives of local opinion.

(I) The witnesses in this group were the Chairman of the District Board and the Chairman, Local Board, Mymensingh.

Both of them stated that the voluntary system of restriction had failed. The reasons were mainly two, viz., (1) propaganda was always started very late and (2) people could not be easily persuaded. They advocated compulsory restriction by legislation and suggested destruction of excess crops as one of the punishments. Local committees should be entrusted with the work of administration of the scheme, but the power of making complaints for breaches of the law would have to be carefully limited—otherwise litigation might unnecessarily increase.

The existing forecasts were useless to growers as well as to traders. They should be improved at an early date. In this connection, they referred to the work on this subject already being done by the Indian Central Jute Committee.

(II) The District Magistrate stated that voluntary propaganda had failed, and that he was in favour of compulsory restriction of cultivation. He suggested fines and imprisonment as punishment. He was against destruction of excess crops, as it was a most unpleasant thing to do, and might easily lead to agrarian agitations. He should make the amount of fine equivalent to the value of the excess crops.

He was in favour of regulated markets, and thought that one such market for 2 or 3 union boards would suffice. In order to make these markets successful, it was essential to improve village communications.

Questioned as to the "holding power" of cultivators, he said that the great majority of the cultivators could not wait. If it was desired to hold up the crop from the markets immediately after harvest, at least 50 per cent. of the value of the crops should be advanced to the cultivators.

He agreed that if the growers were adequately remunerated, they could easily concentrate on growing the better varieties of jute.

The District Agricultural Officer expressed his inability to suggest any alternative crop for those lands, which could grow nothing but jute. In Mymensingh, he thought, the percentage of such land would not be more than 15 per cent.

As regards compulsory restriction, he thought destruction of excess crops would be difficult to arrange in practice, and suggested fines equivalent to the value of the excess crop grown. He would have an Inspector over four or five unions to supervise the work of restriction—otherwise it would be difficult to administer the scheme successfully.

Précis of evidence recorded at Sarisabari (Mymensingh) on 22nd January 1939.

The Sub-Committee examined (I) seven representatives of growers, and (II) four representatives of middlemen and merchants.

(I) The growers' representatives advocated compulsory restriction. According to them, voluntary restriction had completely failed, and there was no option but to introduce compulsion. There was, however, one serious difficulty, viz., the absence of a suitable substitute crop for jute. Sugarcane was not a satisfactory substitute, because it took one whole year to grow it, whereas both paddy and jute could be grown on the same land during this period. Besides, sugarcane cultivation would not be successful unless mills were established in the neighbourhood, which would consume the sugarcane grown in the area. They pleaded for the development of the sugar industry to foster the cultivation of sugarcane.

They stated that fatka prices influenced prices in the mufassal. They were in favour of co-operative marketing if it could be done successfully. Co-operative societies, some years ago, had failed as they could not compete with the Marwaris and European companies. Unless this competition was eliminated, it was doubtful if these societies could function successfully.

(II) The representatives of merchants and middlemen complained of the inaccuracy of the official forecast.

According to these witnesses, the existing price spreads did not leave any profit to the middlemen. The freight charge from Sarisabari to Calcutta was annas 14 per maund. Besides, they had the bailing and establishment expenses to meet. They rarely made a profit of more than 2 or 3 annas per maund. Due to increased competition, beparis also made very little profit. That might be a reason for watering the jute practised by some of them. Cultivators, as a rule, did not water the jute.

There was another reason why the middlemen could rarely make any profit. The mill-owners changed the grades of jute, not only from year to year, but also during the season. This change in grades also affected the cultivators. They were strongly in favour of standardisation of grades.

They made forward sales, but did not hedge in the future market.

**Proceedings of the 6th meeting of the Bengal Jute Enquiry Committee
held on the 16th February 1939.**

Place—Committee-room of the Legislative Building.

Time—9 a.m.

PRESENT:

1. Mr. L. R. Fawcus, C.I.E., I.C.S., Commissioner, Dacca Division, *Chairman.*
2. Mr. S. N. Biswas, M.L.A., *Vice-Chairman.*
3. Mr. Abdul Hamid, M.L.A.
4. Mr. W. A. M. Walker, M.L.A.
5. Mr. C. C. Roy, M.L.A.
6. Mr. Md. Israil, M.L.A.
7. Mr. S. N. Banerjee, M.L.A.
8. Mr. B. C. Mandal, M.L.A.
9. Mr. S. A. Salim, M.L.A.
10. Mr. Mukhleswar Rahman, M.L.A.
11. Mr. Abdul Hamid Shah, M.L.A.
12. Rai Sahib K. B. Das, M.L.A.
13. Kazi Emdadul Haque, M.L.A.
14. Md. Shahed Ali, M.L.A.
15. Mr. M. A. H. Ispahani, M.L.A.
16. Maulvi Md. Azhar Ali, M.L.A.
17. Mr. D. L. Mazumdar, I.C.S., *Secretary.*

Witness—The Hon'ble Khan Bahadur Azizul Huq, C.I.E. Examined by the Chairman the witness stated as follows:—

He was in favour of compulsory restriction.

Every cultivator must register his lands on which he sows the jute. This should be done sufficiently before the next sowing season. After the jute lands have been so registered quotas should be allocated to the usual cultivators. Checking will be necessary to ensure that the quotas are observed. Quotas should be allocated on the basis of the public demand for jute in the next season and the land likely to be sown with jute. Co-operation of the other jute-growing provinces would be desirable, but in the opinion of the witness this was not a condition precedent to the enforcement of any scheme of compulsory restriction. Quotas should be enforced through local associations and disregard of the quotas should be punished.

Questioned by Mr. Biswas as to the necessity of corporate marketing the witness said that he would start with control of production and advocate other schemes such as control of market only in the event of restriction being ineffective to raise prices. All efforts should be directed towards making the restriction satisfactory before further steps were taken.

Questioned by Mr. Walker the witness repeated that he would proceed with compulsory restriction even though the other provinces did not co-operate in the first instance, but he hoped that they were bound to come in line with Bengal sooner or later.

Questioned as to the uncertainty in estimates of demand caused by the nature of the monsoon in a particular year, the witness said that this was undoubtedly a very uncertain factor. But he said that he would make necessary allowances in his estimates for this factor.

In reply to a further question he said that he considered the existing union board machinery, with necessary alteration was sufficient to cope with any scheme of compulsory restriction.

Questioned as to the fixation of minimum price the witness said that this was impossible. It would require an elaborate expensive machinery and he was not sure whether such scheme would succeed without the sympathy of the consumers. Further, no proposal of minimum price could be entertained unless accurate statistics of consumption and production were available. This would necessarily take some time. He pointed out that there was a further danger in fixing the minimum price as the minimum laid down by law in the great majority cases was likely to be the maximum. There was also the difficulty of enforcing a minimum in distant mufassal places.

Questioned as to the regulated markets the witness said that he would proceed with compulsory restriction of production and try to make it a success before he tackled any other aspect of the problem.

Witness—Rai Bahadur D. N. Mitter, Special Jute Restriction Officer:

Voluntary restriction is impossible and compulsory restriction is impracticable. First of all survey is necessary, and it will take time. Then there are some lands in which only jute is produced. Quotas should be made and then supervision is to be carried out to see that these quotas are adhered to.

This year we are going to appoint one officer for each thana; in 325 thanas 325 officers would be necessary. We intend to organize a jute-growers' association in each village and we are going to organize a union association also in each union.

What is the use of compulsory restriction if we can restrict in the system as above?

The propaganda depended upon the collectors. Some collectors would say that it would be better left to the union boards.

Every jute-grower should be a member of that association and he should give a statement in writing that he would stick to the principles of the association. The Subdivisional Officer will be there in charge of the association.

Sanction? In spite of sanction there are many crimes. Yes provision should be made for punishment. Government have granted Rs. 1 lakh and 63 thousands.

Cost of production of 1 maund of jute—Rs. 3 to Rs. 4 per maund. Price suggested—Rs. 6 minimum.

Fixation of minimum price—It is unnecessary. If cultivation is restricted, automatically price would increase. We are asking the cultivators to grow less than the last year. On account of the damage of the crop 85 lakhs of bales assembled in the market; but according to the area that was under cultivation, the total production would be 110 lakhs of bales last year.

Government have arrived at the decision of restriction on the 9th February, and we have already started work.

District Officers will fix the quota to the Subdivisional Officers, and the Subdivisional Officers will give it to the thana officers, who in their turn fix it to the individual growers.

The thana officers to be appointed will carry on house-to-house propaganda, and secondly they will organize the villagers' associations, and they will also keep a register of the lands possessed by cultivators, lands under different crops.

In the district of Tippera in spite of favourable conditions there was restriction.

To what was it due?

It was due partly to weather conditions and partly to voluntary propaganda. It is very difficult to answer to what extent restriction was due to voluntary propaganda and to what extent it was due to weather conditions.

Cost of production—Rs. 3 to Rs. 4.

Voluntary propaganda not a failure. Since 1934 the price is more or steady.

Propaganda began in 1934.

We have conducted propaganda for 4 years. We are going to improve the propaganda. I submitted a scheme this year to improve the system of propaganda. Utility of the money spent in propaganda? Has it been returned?

Certainly.

Mr. Walker: Voluntary restriction successful? To what extent? 64 lakhs of bales were lying at the European mills, and after the propaganda was made the stock has been reduced greatly to 36 lakhs of bales that is normal. We asked the cultivators to reduce production by annas 3 in that year. His honest opinion is that this year the start has been rather late. If we can organize the jute-growers' association we should come out successful.

Mr. Biswas: Requirements of 1938?

We asked the cultivators to grow as much as in 1937; the requirements were about 119 lakhs of bales; we wanted to produce 110 lakhs: 49 lakhs for export purposes and 70 lakhs for the consumption of the Indian mills. But this year we have estimated 60 lakhs of bales for mill consumption and 40 lakhs for exports.

Time required for starting the organisation of restriction?

District Officers are responsible for the organisation.

**Proceedings of the 5th meeting of the Bengal Jute Enquiry Committee
held on the 15th February 1939.**

PRESENT :

1. Mr. L. R. Fawcus, C.I.E., I.C.S., Commissioner, Dacca Division,
Chairman.
2. Mr. S. N. Biswas, M.L.A., *Vice-Chairman.*
3. Mr. S. N. Banerjee, M.L.A.
4. Mr. C. C. Roy, M.L.A.
5. Mr. M. A. H. Ispahani, M.L.A.
6. Mr. S. A. Salim, M.L.A.
7. Mr. W. A. M. Walker, M.L.A.
8. Mr. B. C. Mandal, M.L.A.
9. Mr. Abdul Hamid, M.L.A.
10. Mr. Giasuddin Ahmed, M.L.A.
11. Mr. Abdul Hamid Shah, M.L.A.
12. Mr. Moslem Ali Molla, M.L.A.
13. Mr. Azhar Ali, M.L.A.
14. Mr. Shahed Ali, M.L.A.
15. Mr. Md. Israil, M.L.A.
16. Kazi Emdadul Haque, M.L.A.
17. Mr. D. L. Mazumdar, I.C.S., *Secretary.*

Before the proceedings started, with the permission of the Chairman, Mr. S. N. Biswas moved a resolution to the following effect:—

“Resolved that this Committee recommends to Government for a temporary measure by way of ordinance to be adopted immediately for restriction of production of jute in the ensuing season to 20 per cent. less than the last year's actual sowing under penalty of destruction of excess sowing.”

The motion was seconded by Mr. S. N. Banerjee.

Moving the resolution Mr. Biswas said that voluntary restriction was a failure and the only way to make restriction effective would be to pass a law or an ordinance to compel people to restrict sowing. Legislation will necessarily take some time, but if an ordinance is passed immediately there will be still time to restrict sowing to a reasonable limit this year.

Mr. S. N. Banerjee suggested that the temporary measure might be taken up this year and from the next year onwards suitable legislation might be passed in consultation with the other jute-growing provinces.

Mr. M. Israil wanted to know if the Committee had been consulted before Government had decided to restrict jute cultivation by 12½ per cent. this year as announced in a recent communique on this subject. He also wanted to know if the co-operation of other provinces was likely to be available and if the Committee was aware of the resolution of the recent Conference on this subject.

The Chairman replied that the Committee had not been consulted before Government had decided on a 12½ per cent. restriction this year by the voluntary method; and that no information was available regarding the issues of the Conference.

Mr. Israil then said that the money spent on voluntary restriction this year would be entirely wasted.

The Chairman said that Government could not pass any ordinance or law knowing full well that it would be extremely difficult to enforce it.

He did not see how ordinance be enforced.

The Secretary said that the question before the Committee was not voluntary restriction *versus* compulsory restriction. He was inclined to agree with the criticisms that had been made with regard to the system of voluntary restriction, but, they were all beside the point for the purposes of the present discussion. At one time he himself had favoured some sort of effective voluntary restriction with the help of necessary sanction, but at this late hour it seemed to him almost impossible to give effect to any ordinance or law purporting to restrict sowings in the ensuing season. He also doubted if Government were prepared to pass an ordinance, however laudable its object might be, while the Assembly was in session. Lastly he pointed out to the mover that the ordinance could have worked only if the local Executive Officers were given extensive non-appealable powers and even then in the absence of a suitable machinery and relevant data hardships on a large scale might result.

Mr. Biswas admitted that the difficulty of enforcement existed, but said that the local Executive Officers would always be able to find out the culprit and to punish him adequately. Besides, he said that passing of an ordinance itself would have a psychological effect on the cultivation of jute and sowings would automatically diminish.

The motion was put to the vote and declared carried by 7 to 3.

2. Some formal matters regarding the order of examination of witnesses were then disposed of.

3. Several members pointed out the difficulty of attending the meeting of the Committee during the Budget Session of the Assembly and requested the Chairman to postpone the meeting to a later date. The Chairman suggested that they could meet at least two or three hours in the morning, but, in any case the witnesses summoned to appear before the Committee should be examined to-day and the question of further sitting of the Committee might be taken up later on. Accordingly Mr. A. R. Malik, Senior Marketing Officer, was taken up for examination.

Witness No. 1—Senior Marketing Officer, Mr. A. R. Malik.

Questioned by the Chairman the witness stated—"The existing markets are full of illegal and irregular allowances and deductions. It is the dealers who realise them. Such charges have been sanctioned by custom or practice in many places. The advantages of a regulated market would be as follows:—

- (1) Buyers and sellers will have the advantage of standardised weights and measures.

- (2) They will be conversant with the latest prices prevailing in the Calcutta market.
- (3) Irregular and illegal allowances and deductions will disappear.
- (4) Buyers and sellers will have the advantage of a duly constituted Marketing Committee, which will not only control transactions in the regulated market but also arbitrate on disputes between them.

It was not intended by the scheme, which the Government of Bengal were about to sponsor shortly, that warehouses should be established along with the regulated markets. The witness, however, agreed that if they were set up, that would constitute an advantage from the point of view of the cultivator. Nor was it contemplated in the Bengal scheme that the receipts granted by the warehousemen would be treated as transferable documents under the Negotiable Instruments Act. But the witness agreed that if they were so declared, cultivators could obtain ready money for their crops immediately after deposit of them in the warehouse. [The purely financial aspects of this suggestion were not pursued.]

Questioned by Mr. S. N. Biswas—The witness said that regulated markets by themselves would not solve the agricultural problems in India. The chief advantage of a regulated market would be that the cultivator would be able to meet the buyer or dealer on equal terms in an independent and controlled market place. An additional advantage, according to the witness, would be that the latest information with regard to market prices and rates would be available to the buyers and sellers at these regulated markets. In the United Provinces such markets are supplied with necessary information by means of radios, he saw no reason why such system could not be given effect to in Bengal.

Questioned by another member, the witness said that weights were a central subject under the Government of India Act but measures were not so. In order to fix standard weights, it would be necessary to have an Act passed by the Government of India and then to have consequential legislation by the Provincial Government.

The witness informed the Committee that at the last Ministers' Conference at Delhi the Government of India had agreed to sponsor a Bill for this purpose.

Questioned by Maulvi Md. Israil, the witness said that according to him the net advantage that a cultivator would obtain by selling his products at the regulated market would be at least annas 8 per maund. He also said that the Marketing Committee would have equal representation of growers and other interests.

Questioned by the Secretary, the witness stated that the net improvement in price which dealings in a regulated market could confer on the cultivator would be limited to the difference between the price paid in the village and the price obtained by the bepari from the baler or aratdar, less the costs incurred by the cultivator in bringing his crop to the regulated market. To this, however, should be added the advantage received by the cultivator in not having to pay illegal allowances or deductions, which were not disclosed in the price. He also stated that it was the intention of Government to try the experiments

of regulated markets on a voluntary basis, and not to prohibit dealings outside the markets by law for the present.

Witness No. 2—Commissioner of the Presidency Division.

Questioned by the Chairman—It is very hard to say to what extent voluntary propaganda succeeded. If proper propaganda were carried on systematically, there might be a bigger success. As Collector of Mymensingh he could say that it was as a result of propaganda that the cultivators began to consider that restriction of jute cultivation would lead to better prices. If Government had not carried on propaganda, sowings would have been greater.

The witness favours the principle of regulation, but does not advocate compulsory restriction on the ground of practical difficulties, viz. a cultivator has got 15 highas of lands scattered in four different places: how could he arrange his quota and check? The practical difficulty would be enormous for checking. But it was certainly not impossible. It would be very very expensive. And there might be some possible dishonesty to some people.

Mr. Biswas—Do you think that for the last few years the cultivators are getting an economic price?

They are getting Rs. 6 at present which is not a bad price; it is remunerative. They got this price this year. In 1930-31 the price was terrible. Percentage of destruction of crops—15-20 per cent.

Questioned by Mr. C. C. Roy—He does not say that propaganda had been successful. Propaganda did not achieve much, but it had got an educative value.

The witness does not favour compulsory restriction. Restriction according to world demand—certainly it is essential.

Practical difficulty about assessing each main quota? Regulation of quota—

- (1) by union,
- (2) by district, and
- (3) by province.

The task is very stupendous.

Questioned about forecast—

Present forecast is based on reports of union boards. The presidents of the union boards collect figures from chaukidars.

The trade figures are very significant.

Individual cultivator has got very little holding power. Certainly his holding power should be increased.

In case an organisation is set up for holding jute, it would be very difficult to work it. The setting up of such an organisation would be to help the cultivator to secure better price.